

File No. 19112

Committee Item No. 2

Board Item No. \_\_\_\_\_

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date November 18, 2019

Board of Supervisors Meeting

Date \_\_\_\_\_

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- \_\_\_\_\_
- \_\_\_\_\_

Completed by: Linda Wong

Date November 14, 2019

Completed by: Linda Wong

Date \_\_\_\_\_

1 [Multifamily Housing Revenue Bonds - 711 Eddy Street - Not to Exceed \$84,840,000]

2  
3 **Resolution authorizing the issuance and delivery of multifamily housing revenue bonds**  
4 **in an aggregate principal amount not to exceed \$84,840,000, in one or more series or**  
5 **subseries, for the purpose of providing financing for the acquisition and rehabilitation**  
6 **of a 202-unit multifamily rental housing project known as “Eastern Park Apartments;”**  
7 **approving the form of and authorizing the execution of an indenture of trust providing**  
8 **the terms and conditions of and the authorization for the issuance of such bonds;**  
9 **approving the form of, and authorizing the execution of, a financing agreement**  
10 **providing the terms and conditions of the loans from the City to the borrower;**  
11 **approving the form of and authorizing the execution of a regulatory agreement and**  
12 **declaration of restrictive covenants; approving the form of and authorizing the**  
13 **execution of a bond purchase agreement; approving the form of an Official Statement**  
14 **for such bonds and authorizing the distribution thereof; authorizing the collection of**  
15 **certain fees; approving modifications, changes and additions to the documents;**  
16 **ratifying and approving any action heretofore taken in connection with the loans, the**  
17 **bonds and the Project; granting general authority to City officials to take actions**  
18 **necessary to implement this Resolution, subject to the terms of this Resolution; and**  
19 **related matters, as defined herein.**

20  
21 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the  
22 “Board”) desires to provide for the financing of a portion of the costs of the acquisition and  
23 rehabilitation by Eastern Park Apartments, L.P., a California limited partnership (the  
24 “Borrower”), of a 202-unit (including one manager’s unit) residential rental housing  
25 development project located at 711 Eddy Street, in San Francisco, California, known as

1 "Eastern Park Apartments" (the "Project"), to provide housing for persons and families of low  
2 and very low income through the issuance of multifamily housing revenue bonds as described  
3 herein; and

4 WHEREAS, The City and County of San Francisco (the "City") is authorized to issue  
5 revenue bonds for such purpose pursuant to the Charter of the City, Article I of Chapter 43 of  
6 the Administrative Code of the City and, to the extent applicable, Chapter 7 of Part 5 of  
7 Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of  
8 California (the "Health and Safety Code"), as now in effect and as they may from time to time  
9 hereafter be amended or supplemented (collectively, the "Act"); and

10 WHEREAS, The Project is located wholly within the City; and

11 WHEREAS, On August 29, 2018, the City caused a notice stating that a public hearing  
12 with respect to the issuance of multifamily housing revenue bonds to appear on September  
13 13, 2019, in a newspaper of general circulation in the City, which date was at least two weeks  
14 prior to the scheduled date of such hearing; and

15 WHEREAS, At the date and time and at the location specified in such notice, the  
16 Mayor's Office of Housing and Community Development (the "MOHCD") held such public  
17 hearing, at which an opportunity was provided for persons to comment on the issuance of  
18 multifamily housing revenue bonds for the Project; and

19 WHEREAS, On March 20, 2019, the California Debt Limit Allocation Committee  
20 ("CDLAC") in its Resolution No. 19-040, allocated an amount equal to \$84,840,000 in qualified  
21 private activity bond volume cap to the Project; and

22 WHEREAS, Due to the lapse of time since the public hearing held on September 13,  
23 2018, the City was required to hold another public hearing regarding the issuance of  
24 multifamily housing revenue bonds relating to the Project pursuant to Section 147(f) of the  
25 Code; and

1           WHEREAS, On October 8, 2019, the City caused a notice stating that a public hearing  
2 with respect to the issuance of such bonds would be held by the MOHCD on October 22,  
3 2019 to appear in a newspaper of general circulation in the City; and

4           WHEREAS, The MOHCD held the public hearing described above on October 22,  
5 2019, at which hearing an opportunity was provided for persons to comment on the issuance  
6 of such bonds relating to the Project; and

7           WHEREAS, The minutes of such public hearing were provided to the Board of  
8 Supervisors prior to this meeting; and

9           WHEREAS, There has been prepared and presented to the Board for consideration at  
10 this meeting the documentation required for the issuance of, sale of and security for the  
11 Bonds (hereinafter defined), and such documentation is on file with the Clerk of the Board of  
12 Supervisors (the "Clerk of the Board"); and

13           WHEREAS, It appears that each of the documents which is now before this Board is  
14 substantially in final form and is an appropriate instrument to be executed and delivered for  
15 the purposes intended; and

16           WHEREAS, The Board finds that the public interest and necessity require that the City  
17 at this time make arrangements for the sale and issuance of the Bonds; and

18           WHEREAS, The Bonds will be limited obligations of the City, the sole source of  
19 repayment of which shall be payments made by the Borrower under the Financing Agreement  
20 (hereinafter defined) or other collateral pledged by the Borrower for the repayment of the  
21 Bonds, together with investment income of certain funds and accounts held under the  
22 Indenture of Trust (hereinafter defined); and

23           WHEREAS, The City has engaged Norton Rose Fulbright US LLP and Curlls Bartling  
24 P.C., as co-bond counsel with respect to the Bonds ("Co-Bond Counsel"); and  
25



1           WHEREAS, RBC Capital Markets, LLC (the “Underwriter”) has expressed its intention  
2 to purchase the Bonds authorized hereby; now, therefore, be it

3           RESOLVED, by this Board of Supervisors of the City and County of San Francisco as  
4 follows:

5           Section 1.   Approval of Recitals. The Board hereby finds and declares that the  
6 above recitals are true and correct.

7           Section 2.   Approval of Issuance of the Bonds. In accordance with the Act and the  
8 Indenture of Trust, the City is hereby authorized to issue and deliver: (a) tax-exempt  
9 multifamily housing revenue bonds designated as “City and County of San Francisco  
10 Multifamily Tax-Exempt Mortgage-Backed Bonds (Eastern Park Apartments), Series 2019J” in  
11 an aggregate principal amount not to exceed \$60,006,000 and (b) tax-exempt multifamily  
12 housing revenue bonds designated as “City and County of San Francisco Multifamily Housing  
13 Revenue Bonds (Eastern Park Apartments), Series 2019K” in an aggregate principal amount  
14 not to exceed \$24,834,000 (together, the “Bonds”); each with such additional or other  
15 designations as may be necessary or appropriate to distinguish each such series or subseries  
16 from every other series of bonds or notes of the City, with an interest rate not to exceed  
17 twelve percent (12%) per annum. The Bonds shall have a final maturity date not later than  
18 forty (40) years from the date of issuance of said Bonds. The Bonds shall be in the form set  
19 forth in and otherwise in accordance with the Indenture of Trust and shall be executed by the  
20 manual or facsimile signature of the Mayor of the City (the “Mayor”) and as further provided in  
21 the Indenture of Trust.

22           Section 3.   Approval of Indenture of Trust. The Indenture of Trust (the “Indenture of  
23 Trust”) in the form presented to the Board, a copy of which is on file with the Clerk of the  
24 Board, is hereby approved. The Indenture of Trust shall be entered into by and between the  
25 City and a trust company, a state banking corporation or a national banking association with

1 the authority to accept trusts in the State of California selected by the Director (the "Director")  
2 of the MOHCD and otherwise meeting the requirements of the Indenture (the "Trustee").  
3 Each of the Mayor, the Director, and the Housing Development Director of the MOHCD,  
4 acting individually or collectively (each, an "Authorized City Representative") is hereby  
5 authorized to execute the Indenture of Trust, approved as to form by the City Attorney of the  
6 City (the "City Attorney"), in substantially said form, together with such additions thereto and  
7 changes therein as the City Attorney and Co-Bond Counsel may approve or recommend in  
8 accordance with Section 9 hereof.

9       Section 4. Approval of Financing Agreement. The Financing Agreement (the  
10 "Financing Agreement") by and among the City, the Trustee and the Borrower, in the form  
11 presented to the Board, a copy of which is on file with the Clerk of the Board, is hereby  
12 approved. Each Authorized City Representative is hereby authorized to execute the  
13 Financing Agreement and the Assignment in substantially said form, together with such  
14 additions thereto and changes therein as the City Attorney and Co-Bond Counsel may  
15 approve or recommend in accordance with Section 9 hereof.

16       Section 5. Approval of Regulatory Agreement and Declaration of Restrictive  
17 Covenants. The Regulatory Agreement and Declaration of Restrictive Covenants (the  
18 "Regulatory Agreement"), between the City and the Borrower, in the form presented to the  
19 Board, a copy of which is on file with the Clerk of the Board, is hereby approved. Each  
20 Authorized City Representative is hereby authorized to execute the Regulatory Agreement,  
21 approved as to form by the City Attorney, in substantially said form, together with such  
22 additions thereto and changes therein as the City Attorney and Co-Bond Counsel may  
23 approve or recommend in accordance with Section 9 hereof.

1           Section 6.   Approval of Bond Purchase Agreement. The Bonds are authorized to be  
2 sold to the Underwriter at a price equal to the principal amount thereof, less an underwriting  
3 discount or underwriting fee not to exceed six-tenth of one percent (0.6%) of the principal  
4 amount of the Bonds. A bond purchase agreement providing for the purchase and sale of the  
5 Bonds, by and among the City, the Borrower and the Underwriter (the "Bond Purchase  
6 Agreement"), in the form presented to the Board, a copy of which is on file with the Clerk of  
7 the Board, is hereby approved. Each Authorized City Representative is hereby authorized to  
8 execute the Bond Purchase Agreement in substantially said form, together with such additions  
9 thereto and changes therein as the City Attorney and Co-Bond Counsel may approve or  
10 recommend in accordance with Section 9 hereof.

11           Section 7.   Approval of Official Statement. The form of official statement relating to  
12 the Bonds (the "Official Statement"), a copy of which is on file with the Clerk of the Board, is  
13 hereby approved. Each Authorized City Representative is hereby authorized to execute the  
14 Official Statement in substantially said form, together with such additions and amendments  
15 thereto and changes therein as the City Attorney and Hawkins Delafield & Wood LLP,  
16 disclosure counsel to the City, may approve or recommend in accordance with Section 9  
17 hereof. The Underwriter is hereby authorized to distribute the Official Statement to  
18 prospective and actual purchasers of the Bonds.

19           Section 8.   Issuer Fees. The City, acting through the MOHCD, shall charge a fee for  
20 the administrative costs associated with issuing the Bonds in an amount not to exceed one-  
21 quarter of one percent (0.25%) of the maximum aggregate principal amount of the Bonds.  
22 Such fee shall be payable at closing and may be contingent on the delivery of the Bonds. The  
23 City shall also charge an annual fee for monitoring compliance by the Borrower with certain  
24 provisions of the Regulatory Agreement in an amount not to exceed: (a) one-eighth of one  
25 percent (0.125%) of the outstanding aggregate principal amount of the Bonds, but no less

1 than \$2,500 annually for the term of the Regulatory Agreement. The annual monitoring fee  
2 due for the first twelve (12) months shall be payable at closing. The Board hereby authorizes  
3 the MOHCD to charge and collect the fees described in this section.

4 Section 9. Modifications, Changes, Additions. Any Authorized City Representative  
5 executing the Indenture of Trust, the Financing Agreement, the Regulatory Agreement, the  
6 Bond Purchase Agreement or the Official Statement (collectively, the "City Documents"), in  
7 consultation with the City Attorney and Co-Bond Counsel, is hereby authorized to approve  
8 and make such modifications, changes or additions to the City Documents as may be  
9 necessary or advisable, provided that such modification does not authorize an aggregate  
10 principal amount of the Bonds in excess of \$84,840,000, provide for a final maturity of the  
11 Bonds that is later than forty (40) years from the issuance thereof, or provide for the Bonds to  
12 bear interest at a rate in excess of twelve percent (12%) per annum. The approval of any  
13 modification, addition or change to any of the aforementioned documents shall be evidenced  
14 conclusively by the execution and delivery of the document in question by an Authorized City  
15 Representative.

16 Section 10. Ratification. All actions heretofore taken by the officers and agents of the  
17 City with respect to the sale and issuance of and the security for the Bonds, as is consistent  
18 with the City Documents authorized herein, are hereby approved, confirmed and ratified.

19 Section 11. General Authority. The proper officers of the City (including the  
20 Authorized City Representative) are hereby authorized and directed, for and in the name and  
21 on behalf of the City, to do any and all things and take any and all actions and approve,  
22 execute, acknowledge, and deliver any and all certificates, agreements (including, but not  
23 limited to, tax documents and such agreements to provide adequate or additional security or  
24 indemnities as required by lenders to consummate the financing) and other documents,  
25 including but not limited to those documents described in the City Documents, which they, or

1 any of them, may deem necessary or advisable in order to consummate the lawful issuance  
2 and delivery of the Bonds and to effectuate the purposes thereof and of the documents herein  
3 approved in accordance with this Resolution in consultation with the City Attorney. Any such  
4 actions are solely intended to further the purposes of this Resolution, and are subject in all  
5 respects to the terms of this Resolution. No such action shall increase the risk to the City or  
6 require the City to spend any resources not otherwise granted herein. Final versions of such  
7 documents (showing marked changes, if any) shall be provided to the Clerk of the Board for  
8 inclusion in the official file within 30 days of execution by all parties.

9 Section 12. File. All documents referenced herein as being on file with the Clerk of  
10 the Board are located in File No. 191112, which is hereby declared to be a part of this  
11 Resolution as if set forth fully herein.

12 Section 13. Effectiveness. This Resolution shall take effect from and after its adoption  
13 by the Board and approval by the Mayor.

14  
15 APPROVED AS TO FORM:  
16 DENNIS J. HERRERA  
17 City Attorney

18  
19 By: \_\_\_\_\_



20 KENNETH DAVID ROUX  
21 Deputy City Attorney

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23  
24  
25

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER \_\_, 2019

NEW ISSUE/BOOK-ENTRY ONLY

RATING: S&P “\_\_”  
See “RATING” herein

*[In the opinion of Bond Counsel, assuming compliance by the Issuer with certain covenants, under existing statutes, regulations, and judicial decisions, the interest on the Bonds will be excluded from gross income for federal income tax purposes of the holders thereof. In addition, interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax. See “TAX MATTERS” herein for a description of other tax consequences to holders of the Bonds.] [To be updated by Co-Bond Counsel.]*

**\$60,006,000\***  
**City and County of San Francisco, California**  
**Multifamily Tax-Exempt Mortgage-Backed Bonds**  
**(M.TEBS) (Eastern Park Apartments)**  
**2019 Series J**

**\$24,834,000\***  
**City and County of San Francisco, California**  
**Multifamily Housing Revenue Bonds**  
**(Eastern Park Apartments)**  
**2019 Series K**

The above-captioned \$60,006,000\* Multifamily Tax-Exempt Mortgage-Backed Bonds (M.TEBS) (Eastern Park Apartments), 2019 Series J (the “Series J Bonds”) and (ii) \$24,834,000\* Multifamily Housing Revenue Bonds (Eastern Park Apartments), 2019 Series K (the “Series K Bonds,” and together with the Series J Bonds, the “Bonds”) are being issued by the City and County of San Francisco, California (the “Issuer”) to fund loans (the “Loans”) to Eastern Park Apartments, L.P., a California limited partnership (the “Borrower”) pursuant to the terms of a Financing Agreement dated as of December 1, 2019 (the “Financing Agreement”) between the Issuer, [Trustee] (the “Trustee”) and the Borrower. The proceeds of the loans will be used to finance a portion of the costs of the acquisition and rehabilitation of a 202-unit multifamily rental housing project known as Eastern Park Apartments and located in the City and County of San Francisco, California (the “Project”). The Issuer is issuing the Bonds pursuant to an Indenture of Trust dated as of December 1, 2019 (the “Indenture”) between the Issuer and the Trustee.

The Bonds are issuable only as fully registered bonds without coupons and will be registered in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository of the Bonds. Individual purchases will be made in book-entry form only, in the denominations of (i) with respect to the Series J Bonds, \$1,000 and integral multiples of \$1.00 in excess thereof, and (ii) with respect to the Series K Bonds, \$5,000, or any integral multiple of \$5,000 in excess thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. Principal and interest on the Bonds are payable by the Trustee to DTC, which will be responsible for remitting such principal and interest to its Participants, which will be responsible for remitting such principal and interest to the Beneficial Owners of the Bonds, as described under “DESCRIPTION OF THE BONDS – Book-Entry Only System” herein.

The maturity date, interest rate and delivery date for the Bonds shall be as set forth on the inside cover hereof and in the Indenture and, with respect to the Series J Bonds, in the Term Sheet attached as APPENDIX G hereto.

Prior to the MBS Delivery Date (as defined herein), principal, if due, and interest on the Series J Bonds will be payable monthly on the 26<sup>th</sup> day of the month, or the next succeeding Business Day if such 26<sup>th</sup> day is not a Business Day, commencing January 26, 2020, until and including the 26<sup>th</sup> day of the month in which the MBS Delivery Date occurs. Commencing in the first month immediately following the month in which the MBS Delivery Date occurs, principal, if due, and interest will be payable on the Business Day immediately after the date of receipt by the Trustee of a payment representing principal, if due, and interest under the MBS.

The Series K Bonds will bear interest on the outstanding principal amount thereof at the applicable Initial Series K Bond Rate set forth on the inside cover hereof from their date of issuance to but not including the Initial Mandatory Tender Date, payable on each January 1 and July 1, beginning on [July 1, 2020], each Mandatory Redemption Date, each Mandatory Tender Date, the Bond Maturity Date and any date of acceleration of the Series K Bonds.

The Borrower has obtained a construction loan (the “Construction Loan”) from JPMorgan Chase Bank N.A. (the “Construction Lender”). From time to time, the Construction Lender will advance to the Trustee proceeds of the Construction Loan for deposit into the Collateral Fund in order to enable the Trustee to release Series J Bond proceeds and Series K Bond proceeds to pay costs of the Project. The Borrower has also received a Lender Commitment, dated as of \_\_\_\_\_ (the “Permanent Lender Commitment”) from Bellwether Enterprise Real Estate Capital, LLC (the “Permanent Lender”), which has agreed to originate a loan (the “Permanent Loan”) upon and subject to satisfaction of certain conditions set forth in the Permanent Lender Commitment. On the Conversion Date (as defined herein), the Construction Loan is expected to be repaid in part with the proceeds of the Permanent Loan (as defined herein) and Tax Credit Equity (as defined herein).

In the event the Permanent Loan is originated, the Federal National Mortgage Association (“Fannie Mae”) anticipates that it will deliver, or cause to be delivered, to the Trustee a single mortgage pass-through certificate (the “MBS”) guaranteed as to timely payment of principal and interest by Fannie Mae, and concurrently therewith, pursuant to the terms of the Indenture, the Trustee will use Eligible Funds on deposit in the Series J Collateral Fund Account to purchase the MBS, if and when issued, and such MBS will then secure the payment of the principal of and interest on the Series J Bonds. If the MBS is not delivered on or before the MBS Delivery Date Deadline (as defined herein), or is delivered in an amount less than the full principal amount of the Series J Bonds, then the Eligible Funds in the Series J Collateral Fund Account and Series J Bond Proceeds Fund Account will be used to redeem the Series J Bonds as described herein.

Prior to the date of delivery by Fannie Mae of the MBS (the “MBS Delivery Date”), the Series J Bonds will be secured by (i) the proceeds of the Series J Bonds delivered to the Trustee and deposited into the Series J Bond Proceeds Fund Account established under the Indenture, (ii) Eligible Funds, delivered to the Trustee and deposited into the Series J Revenue Fund Account established under the Indenture, in an amount equal to the interest on the Series J Bonds at the pass-through rate from the Bond Dated Date (as specified in the Term Sheet) to, but not including, the date that is five (5) calendar days after the MBS Delivery Date Deadline, and (iii) Eligible Funds from time to time to be delivered to the Trustee at the direction of the Borrower and deposited into the Series J Collateral Fund Account established under the Indenture. Prior to the MBS Delivery Date, the principal of, premium, if any, and interest on the Series J Bonds will be paid from amounts on deposit in the Series J Revenue Fund Account, the Series J Collateral Fund Account and the Series K Bond Proceeds Fund Account along with the investment earnings thereon. After the delivery of the MBS, if delivered, the Series J Bonds will be secured by, and the principal of and interest thereon will be paid from, payments made on the MBS.

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

At all times, the Series K Bonds will be secured only by Eligible Investments in the Series K Bond Proceeds Fund Account and the Series K Collateral Fund Account or other Eligible Funds sufficient, together with interest earnings thereon (without the need for reinvestment), to pay all of the interest on the Series K Bonds when due and to pay the principal of the Series K Bonds on the Initial Mandatory Tender Date (as defined below).

The Series K Bonds are subject to mandatory tender for purchase, subject to satisfaction of the applicable terms and conditions set forth in the Indenture, on January 1, 2023 (the "Initial Mandatory Tender Date"). All Bondholders of the Series K Bonds must tender their Series K Bonds for purchase on the Initial Mandatory Tender Date. The Series K Bonds may be remarketed and a new interest rate for the Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture. If the Series K Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Series K Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Series K Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing.

The Series J Bonds and the Series K Bonds are subject to mandatory redemption in whole or in part, as further described herein.

**THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE. NEITHER THE ISSUER, THE STATE OF CALIFORNIA (THE "STATE"), NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT, OR TAXING POWER 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.**

**THE OBLIGATIONS OF THE ISSUER ON THE BONDS ARE EXPRESSLY LIMITED TO AND ARE PAYABLE SOLELY FROM (I) THE PAYMENTS MADE BY THE BORROWER PURSUANT TO THE FINANCING AGREEMENT AND THE BOND LOAN NOTES, AND THE SECURITY THEREFOR PROVIDED BY THE MBS AND THE MORTGAGE AND ANY OTHER COLLATERAL SECURITY FROM TIME TO TIME HELD BY THE TRUSTEE, AND (II) ANY ADDITIONAL SECURITY PROVIDED IN THE INDENTURE.**

Except for the information under "ISSUER" and "NO LITIGATION – The Issuer," the Issuer makes no representation as to, and assumes no responsibility for, the accuracy, adequacy, completeness or fairness of any portion of this Official Statement, all of which has been furnished by others.

This cover page contains only a brief description of the Bonds and the security therefor. It is not intended to be a summary of material information with respect to the Bonds. Investors must read this Official Statement in its entirety to obtain information essential to the making of an informed investment decision.

*The Bonds are offered when, as and if issued by the Issuer, subject to approval of their legality by Norton Rose Fulbright US LLP., San Francisco, California, and Curls Bartling P.C., Oakland, California, Co-Bond Counsel. Certain legal matters will be passed upon for the Borrower by its counsel, Gubb & Barshay, LLP, Oakland, California, for the Issuer by the City Attorney and by Hawkins Delafield & Wood LLP, Disclosure Counsel to the City, and for the Underwriter by its counsel, Norris George & Ostrow PLLC, Washington, DC. CSG Advisors Incorporated has acted as independent registered municipal advisor to the Issuer in connection with the financing. The Bonds are expected to be available for delivery in New York, New York through the facilities of DTC on or about December \_\_, 2019*

**RBC Capital Markets**

Dated: \_\_\_\_\_, 2019

**\$60,006,000\***  
**City and County of San Francisco, California**  
**Multifamily Tax-Exempt Mortgage-Backed Bonds**  
**(M.TEBS) (Eastern Park Apartments)**  
**2019 Series J**

**Dated Date: Date of Delivery; Initial Offering Price: 100%**  
**Interest Rate: \_\_\_%; CUSIP: \_\_\_\_\_\*\***  
**Maturity Date: July 1, 2039**

**\$24,834,000\***  
**City and County of San Francisco, California**  
**Multifamily Housing Revenue Bonds**  
**(Eastern Park Apartments)**  
**2019 Series K**

**Dated Date: Date of Delivery; Initial Offering Price: 100%**  
**Initial Interest Rate: \_\_\_%; CUSIP: \_\_\_\_\_\*\***  
**Initial Mandatory Tender Date: January 1, 2023**  
**Maturity Date: July 1, 2023**

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\* Preliminary, subject to change.

\* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. The Issuer does not take any responsibility for the accuracy of such numbers.



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This Official Statement, including the cover page hereof, is provided for the purpose of setting forth information in connection with the issuance and sale of the Bonds. No dealer, broker, salesperson or other person has been authorized by the Issuer, the Borrower or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds offered herein, nor shall there be any sale of the Bonds by any person in any jurisdiction in which such offer, solicitation or sale is not authorized or in which the person making such offer, solicitation or sale is not qualified to do so or to any person to whom it is unlawful to make such offer, solicitation or sale.

The information set forth herein has been furnished by the Issuer (solely as to information under the captions "THE ISSUER" and "NO LITIGATION – The Issuer"), the Borrower and other sources which are believed to be reliable, but has not been independently verified, and such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Issuer, the Borrower or the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the Borrower, or any other parties described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Issuer has not approved any information in this Official Statement except information relating to the Issuer under the captions "THE ISSUER" and "NO LITIGATION – The Issuer," and takes no responsibility for any other information contained in this Official Statement.

Fannie Mae has not reviewed or undertaken to determine the accuracy of any of the information contained in this Official Statement, other than providing a link to the template Fannie Mae MBS Prospectus in APPENDIX A and the Additional Disclosure Addendum in Schedule I to APPENDIX A, and makes no representation or warranty, express or implied, as to any of the other matters contained in this Official Statement, including, but not limited to (i) the accuracy or completeness of such information, (ii) the suitability of the Bonds for any investor, (iii) the feasibility or performance of any project, (iv) the structure, provisions or terms of the Bonds and any cash flows related thereto, or (v) compliance with any securities, tax or other laws or regulations including but not limited to the validity of the Bonds and the tax-exempt status of the Bonds. Fannie Mae's role with respect to the Bonds is limited to issuing and discharging its obligations under the MBS if and when delivered.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES

HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATIONS TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

This Official Statement contains statements, which to the extent they are not recitations of historical fact, constitute "forward looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "belief," and similar expressions are intended to identify forward looking statements. Such statements may be subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS IN EITHER BOUND OR PRINTED FORMAT ("ORIGINAL BOUND FORMAT"), OR IN ELECTRONIC FORMAT. PROSPECTIVE PURCHASERS MAY RELY ON THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT IN THE ORIGINAL BOUND FORMAT OR IN ELECTRONIC FORMAT; PROVIDED, HOWEVER, THAT PROSPECTIVE PURCHASERS MUST READ THE ENTIRE OFFICIAL STATEMENT (INCLUDING THE COVER PAGE AND ALL APPENDICES ATTACHED HERETO) TO OBTAIN ALL OF THE INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

REFERENCES TO WEBSITE ADDRESSES PRESENTED HEREIN ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER'S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEBSITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS OFFICIAL STATEMENT OR THE APPENDICES ATTACHED HERETO, FOR ANY PURPOSE.

## OFFICIAL STATEMENT

**\$60,006,000\***

**City and County of San Francisco, California  
Multifamily Tax-Exempt Mortgage-Backed Bonds  
(M.TEBS) (Eastern Park Apartments),  
2019 Series J**

**\$24,834,000\***

**City and County of San Francisco, California  
Multifamily Housing Revenue Bonds  
(Eastern Park Apartments),  
2019 Series K**

### INTRODUCTION

This Official Statement (which includes the cover page and appendices hereto) provides certain information in connection with the issuance and sale of the (i) \$60,006,000\* Multifamily Tax-Exempt Mortgage-Backed Bonds (M.TEBS) (Eastern Park Apartments), 2019 Series J (the “Series J Bonds”) and (ii) \$24,834,000\* Multifamily Housing Revenue Bonds (Eastern Park Apartments), 2019 Series K (the “Series K Bonds,” and together with the Series J Bonds, the “Bonds”) issued by the City and County of San Francisco, California (the “Issuer”). The Bonds will be issued pursuant to Section 9.107 of the Charter of the Issuer, and Article 1 of Chapter 43 of the Administrative Code of the City and County of San Francisco Municipal Code and, to the extent applicable, Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, and a Resolution of the Issuer adopted on \_\_\_\_\_ (the “Resolution” and, collectively, the “Act”), and secured by an Indenture of Trust, dated as of December 1, 2019 (the “Indenture”), between the Issuer and [Trustee], as trustee (the “Trustee”). Pursuant to the Indenture, the Issuer is issuing the Bonds to make loans to Eastern Park Apartments, L.P., a California limited partnership (the “Borrower”) pursuant to the Financing Agreement, dated as of December 1, 2019 (the “Financing Agreement”), among the Issuer, the Trustee, and the Borrower to finance a portion of the costs of acquisition and rehabilitation of a 202-unit multifamily residential rental housing facilities project known as Eastern Park Apartments (the “Project”) to provide housing for persons of low and very low income in the City and County of San Francisco, California (the “Project”), as further described in the Term Sheet attached as APPENDIX G to this Official Statement (the “Term Sheet”). The Borrower will use Bond proceeds to provide financing for the Project and, with respect to the Series J Bonds, to facilitate the delivery of the MBS (as defined below) guaranteed by the Federal National Mortgage Association (“Fannie Mae”).

All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the respective meanings set forth in the Indenture or the Financing Agreement. See “APPENDIX B – DEFINITIONS OF CERTAIN TERMS” hereto.

Prior to the date of delivery by Fannie Mae of the MBS (the “MBS Delivery Date”), the Series J Bonds will be secured by (i) the proceeds of the Series J Bonds delivered to the Trustee and deposited into the Series J Bond Proceeds Fund Account established under the Indenture, (ii) Eligible Funds, delivered to the Trustee and deposited into the Series J Revenue Fund Account established under the Indenture, in an amount equal to the interest on the Series J Bonds at the pass-through rate from the Bond Dated Date (as specified in the Term Sheet) to, but not including, the date that is five (5) calendar days after the MBS Delivery Date Deadline, and (iii) Eligible Funds from time to time to be delivered to the Trustee at the direction of the Borrower and deposited into the Series J Collateral Fund Account established under the Indenture. Prior to the MBS Delivery Date, the principal of, premium, if any, and interest on the Series J Bonds will be paid from amounts on deposit in the Series J Revenue Fund Account, the Series J Collateral Fund Account and the Series K Bond Proceeds Fund Account along with the investment earnings thereon. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” herein.

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\* Preliminary, subject to change.

At all times, the Series K Bonds will be secured by Eligible Funds invested in Eligible Investments which amounts will be sufficient, along with investment earnings thereon (without the need for reinvestment) to pay all of the interest on the Series K Bonds when due and to pay the principal of the Series K Bonds on the Initial Mandatory Tender Date, as further described herein. The Series K Bonds are not subject to optional redemption prior to the Initial Mandatory Tender Date. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” herein.

The Borrower has obtained a construction loan in the amount of up to \$84,840,000 (the “Construction Loan”) from JPMorgan Chase Bank N.A. (the “Construction Lender”). From time to time, the Borrower will cause Eligible Funds, including proceeds of the Construction Loan, to be delivered to the Trustee for deposit into the Collateral Fund in order to enable the Trustee to release Bond Proceeds to pay costs of the Project. On the Conversion Date, the Construction Loan is expected to be repaid in part with the proceeds of the Permanent Loan and Tax Credit Equity (as defined herein). The Borrower has also received a commitment, dated as of \_\_\_\_\_, 2019 (the “Permanent Lender Commitment”) from Bellwether Enterprise Real Estate Capital, LLC (the “Permanent Lender”), pursuant to which the Permanent Lender has agreed, subject to the satisfaction of the conditions set forth in the Permanent Lender Commitment, to originate a mortgage loan (the “Permanent Loan”) to the Borrower secured by a mortgage constituting a first lien on the Project. See “THE PERMANENT LOAN AND THE MBS” herein. In the event the Permanent Loan is originated, the Trustee will use Eligible Funds on deposit under the Indenture in the Series J Collateral Fund Account to purchase a single mortgage pass-through certificate (the “MBS”) guaranteed as to principal and interest by Fannie Mae, if and when issued, and such MBS will then secure the payment of the principal of and interest on the Series J Bonds. See “APPENDIX A – FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM” herein. The closing of the Construction Loan and the Permanent Loan and delivery of the MBS are subject to the satisfaction of certain requirements and preconditions. The Permanent Lender Commitment does not extend to the benefit of any other third party, including the beneficial owners of the Series J Bonds, the Issuer or the Trustee. No representations or assurances can be provided as to whether or not such conditions can or will be satisfied.

If the MBS is not delivered on or before the MBS Delivery Date Deadline (as defined herein), as such date may be extended pursuant to the terms of the Indenture, then the Eligible Funds in the Series J Collateral Fund Account and funds then on deposit in the Series J Bond Proceeds Fund Account will be used to redeem the Series J Bonds as set forth in the Indenture. The Series J Bonds are also subject to mandatory redemption in whole or in part as further described herein. See “DESCRIPTION OF THE BONDS — Redemption of Bonds.”

Following the MBS Delivery Date, the principal amount of the Series J Bonds Outstanding will equal the then-current principal amount of the MBS, which will equal the product of the original aggregate principal amount of the Permanent Loan and the then-applicable factor posted by Fannie Mae as the Permanent Loan amortizes or is otherwise prepaid (the “MBS Factor”). MBS Factors with respect to MBSs are currently published by Fannie Mae on its website through DUS Disclose.

The Series K Bonds are subject to mandatory tender for purchase in whole and not in part on the Initial Mandatory Tender Date (as defined below). All holders of the Series K Bonds must tender their Series K Bonds for purchase on the Initial Mandatory Tender Date. A new interest rate for the Series K Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture. If the Series K Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Series K Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Series K Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing. The Series K Bonds are also subject to mandatory

redemption for failure to remarket as set forth herein. See “DESCRIPTION OF THE BONDS — Redemption of Bonds.”

The Series J Bonds shall bear interest on the outstanding principal amount thereof at the interest rate set forth on the inside cover hereof from the dated date thereof. Prior to the MBS Delivery Date, principal, if due, and interest on the Series J Bonds will be payable monthly on the 26<sup>th</sup> day of the month, or the next succeeding Business Day if such 26<sup>th</sup> day is not a Business Day, commencing January 26, 2020, until and including the 26<sup>th</sup> day of the month in which the MBS Delivery Date occurs and, commencing in the first month immediately following the month in which the MBS Delivery Date occurs, principal, if due, and interest will be payable on the Business Day immediately after the date of receipt by the Trustee of a payment received on the MBS (each, a “Series J Bond Payment Date”). The payment of interest on each Series J Bond Payment Date shall relate to the interest accrued during the preceding calendar month; provided that with respect to a redemption pursuant to Sections 3.01(b) and 3.01(c) of the Indenture, the interest shall include interest accruing from the first day of the month in which the last Payment Date occurred to the date of redemption.

The Series K Bonds shall bear interest on the outstanding principal amount thereof at the Initial Series K Bond Rate set forth on the inside cover hereof from their date of issuance to but not including, January 1, 2023 (the “Initial Mandatory Tender Date”), payable on each January 1 and July 1, beginning July 1, 2020 (each a “Series K Bond Payment Date”), each Mandatory Redemption Date, each Mandatory Tender Date, the Bond Maturity Date and any date of acceleration of the Series K Bond.

Principal and interest on the Bonds are payable by the Trustee to DTC, which will be responsible for remitting such principal and interest to its Participants, which will be responsible for remitting such principal and interest to the Beneficial Owners of the Bonds.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE. NEITHER THE ISSUER, THE STATE OF CALIFORNIA (THE “STATE”), NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER’S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT, OR TAXING POWER 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.

THE OBLIGATIONS OF THE ISSUER ON THE BONDS ARE EXPRESSLY LIMITED TO AND ARE PAYABLE SOLELY FROM (I) THE PAYMENTS MADE BY THE BORROWER PURSUANT TO THE FINANCING AGREEMENT AND THE BOND LOAN NOTES, AND THE SECURITY THEREFOR PROVIDED BY THE MBS AND THE MORTGAGE AND ANY OTHER COLLATERAL SECURITY FROM TIME TO TIME HELD BY THE TRUSTEE, AND (II) ANY ADDITIONAL SECURITY PROVIDED IN THE INDENTURE.

Descriptions, certain definitions and final terms of the Bonds, the Borrower, the Project, the Permanent Loan and the MBS, are included in this Official Statement and, with respect to the Series J Bonds, the Permanent Loan and the MBS, in the Term Sheet. The information included in the Term Sheet assumes that the Permanent Loan is originated in an amount equal to the maximum amount

available under the Permanent Lender Commitment and that all the conditions to conversion set forth in the Permanent Lender Commitment (the "Conditions to Conversion") have been satisfied and have not been waived or modified. All summaries or descriptions herein of documents and agreements are qualified in their entirety by reference to such documents and agreements and all summaries herein of the Bonds are qualified in their entirety by reference to the Indenture and the provisions with respect thereto included in the aforesaid documents and agreements. Copies of the Indenture, the Financing Agreement and the Regulatory Agreement (hereinafter defined) are available for inspection at the office of the Trustee.

The Borrower will provide certain information on an ongoing basis to the Municipal Securities Rulemaking Board. For a description of the Borrower's undertaking with respect to ongoing disclosure, see "CONTINUING DISCLOSURE" herein.

**The Borrower has not previously engaged in any other business operation and has no historical earnings and has no assets other than its interest in the Project. Accordingly, it is expected that the Borrower will not have any sources of funds to make payments on the Bonds, other than revenues generated by the Project. See "THE PROJECT AND THE PARTICIPANTS – Limited Assets and Obligations of the Borrower."**

Except for the information under "ISSUER" and "NO LITIGATION – The Issuer," the Issuer makes no representation as to, and assumes no responsibility for, the accuracy, adequacy, completeness or fairness of any portion of this Official Statement, all of which has been furnished by others.

#### THE ISSUER

The City is a municipal corporation and chartered city and county of the State of California, organized and existing under and pursuant to its Charter and the Constitution and laws of the State. The City is authorized to issue bonds for the purpose of providing funds to make a loan for the acquisition, construction or rehabilitation of housing located in the City and County of San Francisco.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE. NEITHER THE ISSUER, THE STATE OF CALIFORNIA (THE "STATE"), NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT, OR TAXING POWER 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.

THE OBLIGATIONS OF THE ISSUER ON THE BONDS ARE EXPRESSLY LIMITED TO AND ARE PAYABLE SOLELY FROM (I) THE PAYMENTS MADE BY THE BORROWER PURSUANT TO THE FINANCING AGREEMENT AND THE BOND LOAN NOTES, AND THE SECURITY THEREFOR PROVIDED BY THE MBS AND THE MORTGAGE AND ANY OTHER COLLATERAL SECURITY FROM TIME TO TIME HELD BY THE TRUSTEE, AND (II) ANY ADDITIONAL SECURITY PROVIDED IN THE INDENTURE.



## DESCRIPTION OF THE BONDS

*The following is a summary of certain provisions of the Bonds. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Bonds, copies of which are on file with the Trustee.*

### General

The Series J Bonds will be issued in the denominations of \$1,000 and integral multiples of \$1.00 in excess thereof. The Series K Bonds will be issued in the denominations of \$5,000 and integral multiples of \$5,000 in excess thereof. The Bonds are issuable only as fully registered bonds without coupons and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only. Purchasers will not receive certificates representing their interest in the Bonds purchased. See “DESCRIPTION OF THE BONDS – Book-Entry Only System” herein.

The Series J Bonds will be dated and have a final maturity date and a final payment date on the respective dates identified on the inside cover hereof and the Term Sheet attached hereto as APPENDIX G. The Series J Bonds will bear interest from their dated date at the Pass-Through Rate set forth on the inside cover hereof and in the Term Sheet. Interest on the Series J Bonds shall be computed for the actual number of days which have elapsed, on the basis of a 360-day year. Interest on the Series J Bonds will be payable on each Series J Bond Payment Date to the Bondholders of record at the close of business on the last day of the calendar month prior to the calendar month in which such payment occurs (the “Record Date”).

Prior to the MBS Delivery Date, all payments of interest with respect to the Series J Bonds will be paid to the Bondholders by the Trustee from funds held in the Revenue Fund under the Indenture. Commencing in the first month after the month in which the MBS Delivery Date occurs, on the first Business Day following receipt of a payment representing principal, if due, and interest under the MBS, the Trustee will pay to the Bondholders of record as of the applicable Record Date the amount so received as a payment of principal, if due, and interest on the Series J Bonds.

The Series K Bonds shall be dated their date of delivery and shall bear interest at the Initial Series K Bond Rate from their date of delivery, to but not including the Initial Mandatory Tender Date, payable on each Series K Bond Payment Date, commencing July 1, 2020, on each Mandatory Tender Date and on each date the Series K Bonds are subject to redemption pursuant to the Indenture. Interest on the Series K Bonds shall be computed on the basis of a 360-day year consisting of 12 months of 30 days each. The payment of interest on a Series K Bond Payment Date shall be in an amount equal to the interest accrued during the Interest Period ending on the day preceding such Series K Bond Payment Date.

All payments of principal and interest with respect to the Bonds will be paid to the Bondholders in proportion to the principal amount of each Bond owned by each such owner as set forth on the records of the Trustee as of the Record Date.

So long as Cede & Co. or another nominee designated by DTC is the registered owner of the Bonds, principal and interest on the Bonds are payable by the Trustee to DTC, which will be responsible for remitting such principal and interest to its Participants, which will be responsible for remitting such principal and interest to the Beneficial Owners of the Bonds. See “DESCRIPTION OF THE BONDS – Book-Entry Only System.” So long as Cede & Co. is the registered owner of the Bonds, all references in

this Official Statement to the owners or holders of the Bonds, means Cede & Co. and not the Beneficial Owners of the Bonds.

### **Transfer of Bonds**

While DTC is securities depository for book-entry Bonds, the transfer of beneficial ownership of Bonds shall take place as described in “DESCRIPTION OF THE BONDS - Book-Entry Only System” herein.

To the extent Bonds are not book-entry Bonds, the registration of each Bond is transferable by the registered owner thereof in person or by its attorney duly authorized in writing at the designated corporate trust office of the Trustee. Upon surrender for registration of transfer of any Bond at such office, the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond of the same maturity or maturities and Authorized Denomination for the same aggregate principal amount. Bonds to be exchanged shall be surrendered at said designated corporate trust office of the Trustee, and the Trustee shall authenticate and deliver in exchange therefore a Bond of equal aggregate principal amount of the same maturity, same series and Authorized Denomination.

All Bonds presented for registration of transfer, exchange or payment (if so required by the Issuer or the Trustee) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner or by its duly authorized attorney.

The Issuer, the Bond Registrar and the Trustee shall not be required (i) to issue, register the transfer of or exchange any Bonds during a period beginning at the Trustee’s opening of business on the applicable Record Date and ending at the Trustee’s close of business on the applicable Payment Date; or (ii) to register the transfer of or exchange any Bond selected, called or being called for redemption as provided herein. No charge shall be made to any Bondholder for the privilege of registration of transfer as herein provided, but any Bondholder requesting any such registration of transfer shall pay any tax or governmental charge required to be paid therefor.

New Bonds delivered upon any registration of transfer or exchange shall be valid obligations of the Issuer, evidencing the same debt as the Bonds surrendered, shall be secured by the Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

The person in whose name any Bond is registered shall be deemed the owner thereof by the Issuer and the Trustee, and any notice to the contrary shall not be binding upon the Issuer or the Trustee.

### **Mandatory Tender of Series K Bonds**

All Outstanding Series K Bonds shall be subject to mandatory tender by the holders thereof for purchase in whole and not in part on each Mandatory Tender Date. The purchase price for each such Series K Bond shall be payable in lawful money of the United States of America by wire, check or draft, shall equal 100% of the principal amount to be purchased and accrued interest, if any, to the Mandatory Tender Date, and shall be paid in full on the applicable Mandatory Tender Date.

The Mandatory Tender Dates shall include (i) the Initial Mandatory Tender Date and (ii) any subsequent dates for a mandatory tender of the Series K Bonds established by the Borrower with the consent of the Remarketing Agent in connection with a remarketing of the Series K Bonds pursuant to the Indenture.

While tendered Series K Bonds are in the custody of the Trustee pending purchase pursuant to the Indenture, the tendering holders thereof shall be deemed the owners thereof for all purposes, and interest accruing on tendered Series K Bonds through the day preceding the applicable Mandatory Tender Date shall be paid as if such Series K Bonds had not been tendered for purchase.

Notwithstanding anything in the Indenture to the contrary, any Series K Bond tendered will not be purchased if such Series K Bond matures or is redeemed on or prior to the applicable Mandatory Tender Date.

The Trustee shall utilize amounts representing proceeds of remarketed Series K Bonds on deposit in the Remarketing Proceeds Account to pay the principal amount, plus accrued interest, of Series K Bonds tendered for purchase not later than 11:30 a.m. Local Time on the Mandatory Tender Date.

Series K Bonds shall be deemed to have been tendered whether or not the Bondholders shall have delivered such undelivered Series K Bonds to the Trustee, and subject to the right of the holders of such undelivered Series K Bonds to receive the purchase price of such undelivered Series K Bonds on the Mandatory Tender Date, such undelivered Series K Bonds shall be null and void. If such undelivered Series K Bonds are to be remarketed, the Trustee shall authenticate and deliver new Series K Bonds in replacement thereof pursuant to the remarketing of such undelivered Series K Bonds.

#### **Notice of Mandatory Tender**

Notice to Holders. No later than the 30th day prior to a Mandatory Tender Date, the Trustee shall give written notice of a mandatory tender on the Mandatory Tender Date to the holders of the Series K Bonds then Outstanding (with a copy to the Borrower, the Issuer, the Investor Limited Partner, and the Remarketing Agent) by first class mail, postage prepaid, at their respective addresses appearing on the Register stating:

(i) the Mandatory Tender Date and that (A) if certain conditions are met, all Outstanding Series K Bonds are subject to Mandatory Tender for purchase on the Mandatory Tender Date, (B) all Outstanding Series K Bonds must be tendered for purchase no later than 9:00 a.m., Local Time, on the Mandatory Tender Date and (C) Bondholders will not have the right to elect to retain their Series K Bonds;

(ii) the address of the designated corporate trust office of the Trustee at which Bondholders should deliver their Series K Bonds for purchase and the date of the required delivery;

(iii) that all Outstanding Series K Bonds will be purchased on the Mandatory Tender Date at a price equal to the principal amount of the Outstanding Bonds plus interest accrued to the Mandatory Tender Date;

(iv) that if, in the event that the conditions to remarketing set forth in Section 3.07(b) or Section 3.07(d) of the Indenture are not met as set forth therein, or, if proceeds from the remarketing are insufficient to pay the purchase price of the Series K Bonds on the Mandatory Tender Date, all of the Series K Bonds will be redeemed, without further notice, on the Mandatory Tender Date; and

(v) that any Series K Bonds not tendered will nevertheless be deemed to have been tendered and will cease to bear interest from and after the Mandatory Tender Date.

Second Notice. In the event that any Series K Bond required to be delivered to the Trustee for payment of the purchase price of such Series K Bond shall not have been delivered to the Trustee on or before the 30th day following a Mandatory Tender Date, the Trustee shall mail a second notice to the holder of the Bond at its address as shown on the Register setting forth the requirements set forth in the Indenture for delivery of the Series K Bond to the Trustee and stating that delivery of the Series K Bond to the Trustee (or compliance with the provisions of the Indenture concerning payment of lost, stolen or destroyed Bonds) must be accomplished as a condition to payment of the purchase price applicable to the Series K Bond.

Failure to Give Notice. Neither failure to give or receive any notice described in the Indenture, nor the lack of timeliness of such notice or any defect in any notice (or in its content) shall affect the validity or sufficiency of any action required or provided for in the Indenture.

*The Series K Bonds may be remarketed and a new interest rate for the Series K Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture. If the Series K Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Series K Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Series K Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing.*

## **Redemption of Bonds**

The Bonds are subject to mandatory redemption under the Indenture as follows:

Series J Bonds - Mandatory Redemption Prior to MBS Delivery Date. Prior to the first day of the first month following the MBS Delivery Date, the Series J Bonds are subject to mandatory redemption in part on any Payment Date in an amount equal to the amount due on the first day of the month in which such Payment Date occurs as shown in the Permanent Loan Amortization Schedule, payable with respect to principal first, from money on deposit in the Series J Collateral Fund Account and second, from money on deposit in the Series J Bond Proceeds Fund Account, and with respect to interest, from money on deposit in the Series J Revenue Fund Account.

Series J Bonds - Mandatory Redemption Upon Failure to Convert by Termination Date or Failure to Purchase the MBS. The Series J Bonds are subject to mandatory redemption in whole five (5) calendar days after the MBS Delivery Date Deadline (as such date may be extended pursuant to the Indenture) at a Redemption Price equal to 100% of the Outstanding principal amount thereof, plus interest accrued but unpaid from the first day of the month in which the last Payment Date occurred to such redemption date, if (i) the Conversion Date has not occurred on or prior to the Termination Date or (ii) the MBS Delivery Date has not occurred on or prior to the MBS Delivery Date Deadline, as such date may be extended, payable with respect to principal, interest and premium, if any, first, from money on deposit in the Series J Revenue Fund Account of the Revenue Fund, second, from money on deposit in the Series J Collateral Fund Account, and third, from money on deposit in the Series J Bond Proceeds Account of the Bond Proceeds Fund.

Series J Bonds - Mandatory Redemption on the MBS Delivery Date. The Series J Bonds are subject to mandatory redemption in part on the MBS Delivery Date at a Redemption Price equal to 100% of the principal amount of the Series J Bonds to be redeemed, plus interest accrued but unpaid from the first day of the month in which the last Series J Bond Payment Date occurred to, but not including, the MBS Delivery Date, in an amount equal to the difference between (i) the principal amount of the MBS purchased on the MBS Delivery Date and (ii) the aggregate principal amount of the Series J

Bonds Outstanding as of the first day of the month in which the MBS Delivery Date occurred, payable with respect to principal, interest and premium, if any, first, from money on deposit in the Series J Revenue Fund Account of the Revenue Fund, second, from money on deposit in the Series J Collateral Fund Account and third, from money on deposit in the Series J Bond Proceeds Account of the Bond Proceeds Fund.

Series J Bonds - Mandatory Redemption Following the MBS Delivery Date. Following the MBS Delivery Date, the Series J Bonds are subject to mandatory redemption in part in an amount equal to, and one Business Day after the date on which, each principal payment or prepayment is received pursuant to the MBS at a Redemption Price equal to 100% of the principal amount received pursuant to the MBS, plus interest and premium, if any, received pursuant to the MBS.

Series J Bonds - Mandatory Redemption in Lieu of Exchange. The Series J Bonds are subject to mandatory redemption in part in the event the Issuer elects pursuant to the Indenture to redeem a Beneficial Owner's Series J Bonds for an amount equal to the Cash Value in lieu of delivering to the Beneficial Owner of the Series J Bonds its proportionate interest in the MBS based upon its proportionate interest in the Series J Bonds. Any such redemption shall be made in the amounts, from the sources and in accordance with the provisions of the Indenture. See "DESCRIPTION OF THE BONDS – Optional Exchange of Series J Bonds for MBS" herein.

Series K Bonds - Mandatory Redemption for Failure to Remarket. The Series K Bonds are subject to mandatory redemption in whole at a redemption price of 100% of the Outstanding principal amount thereof, plus accrued interest to the redemption date, on any Mandatory Tender Date upon the occurrence of any of the following events: (i) the Borrower has previously elected not to cause the remarketing of the Series K Bonds; (ii) the conditions to remarketing set forth in the Indenture have not been met by the dates and times set forth therein; or (iii) the proceeds of a remarketing on deposit in the Remarketing Proceeds Account at 11:00 a.m. Local Time on the Mandatory Tender Date are insufficient to pay the purchase price of the Outstanding Series K Bonds on such Mandatory Tender Date. Series K Bonds subject to redemption in accordance with this section shall be redeemed from (i) amounts on deposit in the Series K Collateral Fund Account, (ii) amounts on deposit in the Series K Negative Arbitrage Account and the Series K Revenue Fund Account of the Revenue Fund, (iii) amounts on deposit in the Series K Bond Proceeds Fund Account, and (iv) any other Eligible Funds available or made available for such purpose at the written direction of the Borrower.

Series K Bonds - Optional Redemption. The Series K Bonds are not subject to optional redemption prior to the Initial Mandatory Tender Date. After the Initial Remarketing Date, the Borrower, in consultation with the Remarketing Agent, may establish an optional redemption date with respect to any subsequent Remarketing Period and, thereafter, the Series K Bonds are subject to optional redemption in whole or in part by the Issuer at the written direction of the Borrower (with written notice to the Trustee at least 30 days prior to the proposed redemption date specifying the principal amount of the Bonds to be redeemed and delivery of a Cash Flow Projection) on or after the applicable redemption date at a redemption price of 100% of the principal amount of such Series K Bonds to be redeemed plus accrued interest to the applicable redemption date.

## **Notice of Redemption**

Anytime the Bonds are subject to redemption in whole or in part pursuant to the Indenture (except redemptions pursuant to 3.01(a) ("Series J Bonds – Mandatory Redemption Prior to MBS Delivery Date") or 3.01(d) ("Series J Bonds – Mandatory Redemption Following MBS Delivery Date") for which no notice of redemption shall be required), the Trustee, in accordance with the provisions of the Indenture, shall give at least twenty (20) Business Days' notice, in the name of the Issuer, of the redemption of the

Series J Bonds and at least twenty (20) but not more than thirty (30) Business Days' notice, in the name of the Issuer, of the redemption of the Series K Bonds, which notice shall specify the following: (i) the maturity and principal amounts of the Bonds to be redeemed; (ii) the CUSIP number, if any, of the Bonds to be redeemed; (iii) the date of such notice; (iv) the issuance date for such Bonds; (v) the interest rate on the Bonds to be redeemed; (vi) the redemption date; (vii) any conditions to the occurrence of the redemption; (viii) the place or places where amounts due upon such redemption will be payable; (ix) the Redemption Price; (x) the Trustee's name, address and phone number; and (xi) that on the redemption date, the Redemption Price shall be paid. Notice delivered as required in this heading "Notice of Redemption" with respect to a redemption described under the heading "Series J Bonds - Mandatory Redemption Upon Failure to Convert by the Termination Date or Failure to Purchase the MBS," above, may be rescinded and annulled on or before the MBS Delivery Date Deadline if (i) the MBS is delivered on or prior to the MBS Delivery Date Deadline or (ii) the MBS Delivery Date Deadline is extended pursuant to the Indenture. Neither the giving of such notice by the Trustee nor the receipt of such notice by the Bondholders shall be a condition precedent to the effectiveness of any such redemption. With respect to a mandatory redemption pursuant to the heading "Series K Bonds - Mandatory Redemption for Failure to Remarket," the notice of Mandatory Tender provided to Holders pursuant to the Indenture shall serve as the notice of redemption required by this section and shall satisfy the requirements of this section, and no further notice of redemption will be required to the Bondholders.

The Bonds to be redeemed in part pursuant to the Indenture and exchanged in part pursuant to the Indenture will be selected in accordance with the operational arrangements of DTC or any successor Substitute Depository, and any partial prepayments pursuant thereto shall be made in accordance with the "Pro Rata Pass-Through Distributions of Principal" procedures of DTC or comparable procedures of any successor Substitute Depository.

In the event that the MBS has not been purchased by, and delivered to, the Trustee ten (10) Business Days prior to the MBS Delivery Date Deadline (as such date may be extended under the Indenture), the Trustee shall provide, ten (10) Business Days prior to the MBS Delivery Date Deadline, to the Borrower, the Investor Limited Partner, the Permanent Lender, the Construction Lender, the Issuer and the Underwriter, written notice of such non-purchase.

Notices of optional redemption of the Series K Bonds shall be revocable in the event that there is not on deposit with the Trustee prior to the date of redemption Eligible Funds sufficient to pay the redemption price of the Series K Bonds to be redeemed or, in the case of any redemption premium on the Series K Bonds, there are not on deposit Eligible Funds sufficient to pay such redemption premium.

Notwithstanding this section, no prior notice shall be a prerequisite to the effectiveness of any redemption under the heading "Redemption of Bonds" which redemption shall occur and be effective irrespective of whether the Trustee fulfills its obligation to provide the notice with respect to the heading "Redemption of Bonds," above, required under this heading "Notice of Redemption."

#### **Optional Exchange of Series J Bonds for MBS**

Following delivery of the MBS to the Trustee, a Beneficial Owner of Series J Bonds may file with the Trustee a written request, in the form attached as an exhibit to the Indenture or such other form as may be approved by the Trustee (the "Request Notice"), to exchange Series J Bonds for a like principal amount of the MBS, provided, that (i) the MBS will be, when delivered, in a face amount equal to \$1,000 or a multiple of \$1.00 in excess thereof, and (ii) the Project is complete and placed in service by the Borrower as evidenced by a certificate of occupancy for the Project delivered by the Borrower to the Trustee accompanied by a letter signed by an Authorized Borrower Representative confirming that the Project is placed in service for purposes of Section 42 of the Code. The Request Notice must be delivered

to the Trustee at least six (6) Business Days prior to the Exchange Date (as defined in the Request Notice).

Upon receipt of a Request Notice, the Trustee shall immediately provide a copy to the Issuer and the Permanent Lender. The Issuer shall then have up to five (5) Business Days, in its sole discretion, to provide written direction to the Trustee to either (i) deliver to the Beneficial Owner of the Series J Bonds its proportionate interest in the MBS based upon such Beneficial Owner's proportionate interest in the Series J Bond or (ii) redeem the Beneficial Owner's Series J Bonds for an amount equal to the Cash Value (as defined herein) as of the Exchange Date. Any failure of the Issuer to provide direction within the period set forth in the prior sentence shall be deemed a direction to deliver the MBS in lieu of redeeming the Series J Bonds. Immediately upon receiving the Issuer's direction, the Trustee shall notify such Beneficial Owner of the Issuer's direction. Upon receipt of any Series J Bonds from the requesting Beneficial Owner, the Trustee will promptly cancel the Series J Bonds being exchanged or redeemed, which will not be reissued.

Cash Value = original face amount of the MBS x MBS Factor x (1 + Redemption Premium (R) + (Initial Offering Premium (I) x MBS Factor)) – an amount equal to the principal to be received by such Beneficial Owner on the next Payment Date (if the date of redemption occurs between the Record Date and such Payment Date)

Where R = 5% if the exchange occurs during the first five years from the Closing Date;

= 4% during the sixth year;

= 3% during the seventh year;

= 2% during the eighth year;

= 1% during the ninth year; and

= 0% thereafter

and I = initial offering price of the Series J Bonds - 100%

In the event that the Issuer elects to deliver the Beneficial Owner's proportionate interest in the MBS in lieu of redeeming the Series J Bonds, after validating the exchange request, the Trustee shall transfer and deliver to such requesting Beneficial Owner, the Trustee's beneficial ownership interest in the Beneficial Owner's proportional interest in the MBS on the date specified in the Request Notice promptly following (i) delivery to the Trustee (via DTC withdrawal or Deposit/Withdrawal At Custodian ("DWAC")) of the Series J Bonds being exchanged and (ii) payment by the requesting Beneficial Owner of the Trustee's exchange fee (\$1,000 as of the date of the Indenture) with respect to such Series J Bonds. Such Beneficial Owner's proportionate interest in the MBS will be (1) in book-entry form and (2) transferred in accordance with current market practices, including the applicable provisions of the SIFMA's Uniform Practices for the Clearance and Settlement of Mortgage-Backed Securities and Other Related Securities. The proportional interest in the MBS delivered in such an exchange will not be exchangeable for Series J Bonds. If the Exchange Date is subsequent to a Record Date and prior to a corresponding Payment Date for the Series J Bonds, the Trustee shall wire the applicable principal and interest payments on the exchanged Series J Bonds from the Series J Revenue Account to the Beneficial Owner using the wire transfer instructions set forth on the Request Notice.

In the event that the Issuer elects to redeem Series J Bonds in lieu of an exchange with the MBS, the Beneficial Owner shall arrange with its securities dealer (and/or DTC participant) to deliver such Series J Bonds to the Trustee (via DTC withdrawal or DWAC) on or before such redemption date. Once such delivery has been verified and settled by the Trustee, the Trustee shall transfer a like principal amount of the MBS to or upon the order of the Issuer in exchange for an amount equal to the Cash Value plus interest accrued but unpaid on the MBS (less any interest to be received by the Beneficial Owner on the next Payment Date if the redemption occurs between the Record Date and such Payment Date) and apply the proceeds of such transfer to the payment of the Redemption Price of the Series J Bonds on the Payment Date by wiring such amount to the Beneficial Owner at its wire transfer instructions set forth on the Request Notice.

None of Fannie Mae, the Trustee or the Issuer shall have any liability to the Beneficial Owner arising from (i) any exchange or redemption of Series J Bonds described under this heading "Optional Exchange of Series J Bonds for MBS" or (ii) any of the costs or expenses thereof. Interest on such MBS is not excludable from gross income for federal income tax purposes. Bondholders should consult their own tax advisors concerning that and other tax consequences of any exchange of a Series J Bond for the MBS.

#### **Extension of MBS Delivery Date Deadline**

At any time prior to the date on which notice of redemption pursuant to the Indenture, as described under the heading "Notice of Redemption" above must be given pursuant to the Indenture, as described under "Redemption of Bonds – Series J Bonds - Mandatory Redemption Upon Failure to Convert by the Termination Date or Failure to Purchase the MBS" and "Series J Bonds - Mandatory Redemption on the MBS Delivery Date," above, the Borrower may extend the MBS Delivery Date Deadline by (i) providing to the Trustee, the Lender, the Issuer, the Rating Agency and the Underwriter written notice of any extension of the MBS Delivery Date Deadline, (ii) depositing with the Trustee Eligible Funds for the credit of the Series J Negative Arbitrage Account of the Revenue Fund in an amount, taking into account amounts already on deposit therein, sufficient to pay interest due on the Series J Bonds to the date that is five (5) calendar days after the extended MBS Delivery Date Deadline (the "Extension Deposit"), (iii) delivering to the Trustee and the Rating Agency a Cash Flow Projection establishing the sufficiency of the Extension Deposit, and (iv) delivering to the Trustee confirmation by the Rating Agency of the then-current rating on the Series J Bonds. Extension Deposits may continue to be made by or on behalf of the Borrower until the MBS Delivery Date occurs or the Borrower declines to make an Extension Deposit resulting in a mandatory redemption of the Series J Bonds pursuant to the Indenture; provided, however, the MBS Delivery Date Deadline may not be extended (i) if the Termination Date has occurred prior to the Conversion Date or (ii) to a date that is later than the fourth anniversary of the Bond Dated Date unless prior to any extension beyond such date there shall be filed with the Trustee and the Issuer an opinion of Bond Counsel to the effect that such extension will not, in and of itself, adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes. The cost of such opinion shall be the sole responsibility of the Borrower.

#### **Payment of Redemption Price**

With respect to any redemption pursuant to the heading "Redemption of Bonds" above, notice having been given in the manner provided in the heading "Notice of Redemption" above (or not required to be given as a result of a redemption pursuant to the heading "Redemption of Bonds" above), and all conditions to the redemption contained in such notice, if applicable, having been met, the Bonds so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price specified in the heading "Redemption of Bonds" above, and upon presentation and surrender thereof at the offices specified in such notice, together with, in the case of Bonds presented by other than the



registered owner, a written instrument of transfer duly executed by the registered owner or its duly authorized attorney; provided, however, that so long as the Bonds are registered in the name of the Depository, payment for such redeemed Bonds shall be made in accordance with the Representation Letter of the Issuer. If, on the redemption date, moneys for the redemption of all of the Bonds to be redeemed, together with all accrued interest on such Bonds, (which, with respect to the Series J Bonds only, shall equal all interest accrued on the MBS) if delivered, to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, interest on the Bonds so called for redemption shall cease to accrue.

### **Book-Entry Only System**

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.*

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity and each series of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on

behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts the Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond Ordinance. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal, interest and redemption premiums, if any, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption premiums, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered to DTC.

The Issuer may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

NEITHER THE ISSUER NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS. THE ISSUER CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

## **THE PERMANENT LOAN AND THE MBS**

### **General**

The Permanent Lender Commitment sets forth certain Conditions to Conversion which must be satisfied by the Borrower prior to the origination of the Permanent Loan and the issuance of the MBS. Such conditions include, but are not limited to: the completion of improvements, confirmation that Minimum Occupancy Requirement (as defined in the Permanent Lender Commitment) has been met, the delivery of required transaction documents and certain other items required in connection with the Permanent Lender Commitment; the renewal and approval by Fannie Mae of all agreements, documents, instruments reports, surveys, papers and matters which are subject to Fannie Mae's review and approval in connection with the Permanent Lender Commitment; the payment of all fees required in connection with the Permanent Lender Commitment; that there be no event of default under any of the required transaction documents; and certain other conditions set forth in the Permanent Lender Commitment. The conditions described in the prior sentence represent only a limited summary of the Conditions to Conversion, and the Permanent Lender Commitment should be referenced for a full description of such conditions. Upon satisfaction of the Conditions to Conversion set forth in the Permanent Lender Commitment prior to January 1, 2023 (the "Termination Date"), which date is subject to one six-month extension as set forth in the Permanent Lender Commitment and to further potential extension at the sole discretion of Fannie Mae, the Permanent Lender will originate the Permanent Loan and the Permanent Loan will be pooled into the MBS issued by Fannie Mae.

If and when the Permanent Loan is originated, the Indenture authorizes the Trustee to purchase the MBS, if and when the MBS is issued, and such MBS will then secure the payment of the interest on and principal of the Series J Bonds. If the MBS is not delivered, then the Series J Bonds will be redeemed as further described in "DESCRIPTION OF THE BONDS – Redemption of Bonds" herein and APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.

The Lender has undertaken to certify that the MBS has terms consistent with the Term Sheet and meets the requirements set forth in the Indenture, on which certification the Trustee may rely and act without further investigation. The Permanent Loan is to be evidenced by the Mortgage Note, executed by the Borrower in favor of the Lender and secured by the Multifamily Deed to Secure Debt, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Mortgage"). The Borrower is required under the Mortgage Note to make monthly payments sufficient in the aggregate to pay debt service on the Permanent Loan.

## **Delivery of MBS**

If the Conversion Date occurs prior to the Initial Termination Date and Eligible Investments must be liquidated to purchase the MBS, the Borrower shall cause to be delivered to the Trustee (i) a Cash Flow Projection and (ii) Eligible Funds, if any, as set forth in the Cash Flow Projection.

The MBS shall be registered in the name of the Trustee or its designee. The obligation of the Trustee to purchase the MBS on the MBS Delivery Date shall be subject to receipt by the Trustee of written notification from the Lender upon which the Trustee may rely and act without further investigation certifying that the MBS duly executed by Fannie Mae is available for purchase by the Trustee at the MBS Purchase Price, and meets the following requirements:

(i) the principal amount of the MBS will equal from time to time the then-current principal amount of the Series J Bonds, except for principal payments received which have not been remitted to owners of the Series J Bonds;

(ii) the MBS shall bear interest at the Pass-Through Rate payable on the 25th day of each month, commencing on the 25th day of the month following the month in which the Trustee purchases the MBS, or if any such 25th day is not a Business Day, the next succeeding Business Day, and have a final maturity date that is the same as the Bond Maturity Date;

(iii) the MBS shall provide that timely payment of principal (whether on any scheduled Payment Date or prior thereto upon any mandatory prepayment of the Mortgage Note or upon any optional prepayment of the Mortgage Note or upon declaration of acceleration following a default thereunder and interest on the MBS) is guaranteed to the record owner of the MBS, regardless of whether corresponding payments of principal and interest on the Permanent Loan are paid when due; and

(iv) the MBS shall be acquired by the Trustee on behalf of the Issuer, shall be held at all times by the Trustee in trust for the benefit of the Bondholders and shall be held only in book-entry form through the United States Federal Reserve Bank book-entry system, pursuant to which the MBS shall have been registered on the records of the Federal Reserve Bank in the name of the Trustee.

The Trustee shall receive confirmation in writing that the Depository is holding the MBS on behalf of, and has identified the MBS on its records as belonging to, the Trustee. Upon purchase of the MBS on the MBS Delivery Date, the Trustee shall post a notification to this effect on the Electronic Municipal Market Access website of the Municipal Securities Rulemaking Board.

The rating on the Series J Bonds could be adversely affected by an adverse credit action related to Fannie Mae. No rating confirmation is required prior to purchase by the Trustee of the MBS. See "RATING" herein.

## **MBS Payments**

Following the MBS Delivery Date, if the MBS is delivered, payments on the MBS will be made on the 25th day of each month (beginning with the month following the month in which the MBS is issued and delivered to the Trustee), or, if such 25th day is not a Business Day, on the first Business Day next succeeding such 25th day. With respect to the MBS, Fannie Mae will distribute to the Trustee an amount equal to the total of (i) the principal due on the Permanent Loan underlying the MBS during the period beginning on the second day of the month prior to the month of such distribution and ending on the

first day of such month of distribution, (ii) the stated principal balance of the Permanent Loan that was prepaid in full during the calendar month next preceding the month of such distribution (including as prepaid for this purpose at Fannie Mae's election the Permanent Loan after it is delinquent, in whole or in part, with respect to four consecutive installments of principal and interest; or because of Fannie Mae's election to repurchase the Permanent Loan under certain other circumstances), (iii) the amount of any partial prepayment of the Permanent Loan received in the calendar month next preceding the month of distribution, and (iv) one month's interest at the Pass-Through Rate on the principal balance of the MBS as reported to the Trustee (assuming the Trustee is the registered holder) in connection with the previous distribution (or, respecting the first distribution, the principal balance of the MBS on its issue date).

For purposes of distribution, the Permanent Loan will be considered to have been prepaid in full if, in Fannie Mae's reasonable judgment, the full amount finally recoverable on account of the Permanent Loan has been received, whether or not such full amount is equal to the stated principal balance of the Permanent Loan.

For further information regarding Fannie Mae and the MBS, see also "APPENDIX A — FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM."

## **SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS**

### **Pledge and Trust Estate**

In order to secure the payment of the principal of, the premium, if any, and interest on the Bonds, the Issuer has pledged, for the benefit of the Bondholders, subject only to the provisions of the Indenture permitting the applications thereof for or to the purposes, and on the terms and conditions set forth in, the Indenture, the following:

- (i) All right, title and interest of the Issuer in and to the Series J Bond Loan Note and Series K Bond Loan Note (each, other than the Reserved Rights of the Issuer) including all payments and proceeds with respect thereto or replacement thereof
- (ii) All right, title and interest of the Issuer in and to amounts on deposit in the Bond Proceeds Fund to be funded on the Closing Date in an amount equal to the principal amount of the Bonds;
- (iii) All amounts on deposit in the Collateral Fund and the Revenue Fund;
- (iv) Solely with respect to the Series J Bonds, the MBS, if issued by Fannie Mae and acquired by the Trustee, and all MBS Revenues;
- (v) All right, title and interest of the Issuer now owned or hereafter acquired in, to and under the Financing Agreement (except Reserved Rights) and the Regulatory Agreement, except Reserved Rights; and
- (v) All other property which by the express provisions of the Indenture is required to be subject to the lien of the Indenture, and any additional property that from time to time, by delivery or by writing of any kind, may be subjected to the lien of the Indenture, by the Issuer or by anyone on its behalf, and the Trustee is authorized by the Indenture to receive the same at any time as additional security under the Indenture; provided, however, that the Trust Estate shall not include amounts on deposit in the Rebate Fund, the Costs of Issuance Fund[, the Borrower Equity Fund] and the Administration Fund.

The foregoing pledge is made for the equal and proportionate benefit, security and protection of all present and future owners of the Bonds.

Prior to the delivery of the MBS with respect to the Series J Bonds, and at all times with respect to the Series K Bonds, the Bonds will be secured by the deposit with the Trustee of the proceeds received from the sale of the Series J Bonds and the Series K Bonds, as applicable, and other Eligible Funds held under the Indenture by the Trustee in an aggregate amount equal to the outstanding principal amount of the Bonds. The Trustee will use Eligible Funds held under the Indenture along with interest earnings thereon to (a) pay principal, premium, if any, and interest on the Bonds when due, and (b) acquire, if and when issued, the MBS, upon satisfaction of the conditions set forth in the Indenture and the Permanent Lender Commitment.

It is anticipated that if the conditions to the issuance of the MBS are satisfied, the MBS will be available for acquisition by the Trustee on or before the MBS Delivery Date Deadline, as such date may be extended as provided in the Indenture. Following the delivery of the MBS to the Trustee, if delivered, payments of principal and interest on the Series J Bonds will be payable from pass-through payments received by the Trustee on the MBS. See "THE PERMANENT LOAN AND THE MBS" above and "APPENDIX A – FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM" hereto.

If the MBS is not acquired by the Trustee prior to the MBS Delivery Date Deadline (as such date may be extended pursuant to the Indenture), the Series J Bonds will be redeemed from Eligible Funds held under the Indenture as described in "DESCRIPTION OF THE BONDS – Redemption of Bonds" herein.

Except with respect to the Series J Revenue Fund Account following the MBS Delivery Date, amounts on deposit in the Bond Proceeds Fund, the Collateral Fund, and the Revenue Fund shall at all times be invested in Eligible Investments.

#### **Limited Obligations of the Issuer**

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE. NEITHER THE ISSUER, THE STATE OF CALIFORNIA (THE "STATE"), NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT, OR TAXING POWER 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.

THE OBLIGATIONS OF THE ISSUER ON THE BONDS ARE EXPRESSLY LIMITED TO AND ARE PAYABLE SOLELY FROM (I) THE PAYMENTS MADE BY THE BORROWER PURSUANT TO THE FINANCING AGREEMENT AND THE BOND LOAN NOTES, AND THE SECURITY THEREFOR PROVIDED BY THE MBS AND THE MORTGAGE AND ANY OTHER COLLATERAL SECURITY FROM TIME TO TIME HELD BY THE TRUSTEE, AND (II) ANY ADDITIONAL SECURITY PROVIDED IN THE INDENTURE.

## **Nonrecourse Liability of Borrower**

Notwithstanding anything to the contrary, the obligations of the Borrower pursuant to the Financing Agreement shall not be secured by or create a lien or charge on in any manner the property of the Borrower or its partners, including the Project or the rents, issues and profits thereof and, except as set forth in the Financing Agreement, shall be non-recourse to the Borrower and its partners. See Appendix D – “SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT.”

The limit on the Borrower’s liability as set forth in the Financing Agreement shall not, however, be construed, and is not intended to in any way, constitute a release, in whole or in part, of the indebtedness evidenced by the Financing Agreement or a release, in whole or in part, or an impairment of the security interest, or in case of any default or enforcing any other right of the Issuer under the Financing Agreement or to alter, limit or affect the liability of any person or party who may now or hereafter or prior hereto guarantee, or pledge, grant or assign its assets or collateral as security for, the obligations of the Borrower under the Financing Agreement.

## **Funds and Accounts**

Revenue Fund. There shall be deposited into the Series J Negative Arbitrage Account and the Series K Negative Arbitrage Account of the Revenue Fund, as applicable, as and when received, (i) the Series J Negative Arbitrage Deposit and the Series K Negative Arbitrage Deposit, and (ii) any Extension Deposit. Upon the redemption of the Series K Bonds in full, or following the Bond Maturity Date for the Series K Bonds, any funds then remaining unexpended after payment in full of the Series K Bonds in the Series K Revenue Fund Account and the Series K Negative Arbitrage Account shall be transferred to the Series J Revenue Fund Account and the Series J Negative Arbitrage Account, as applicable, and the Series K Negative Arbitrage Account shall be closed.

There shall be deposited into the Series J Revenue Fund Account, as and when received, (i) following the MBS Delivery Date, all moneys received by the Trustee representing principal payments or repayments, and premium, if any, under the MBS, together with all other amounts required pursuant to the Indenture to be deposited therein, (ii) any other amounts specified in the Indenture, and (iii) all moneys received by the Trustee representing interest payments under the MBS, to be held therein pending distribution in accordance with the terms hereof.

There shall be deposited into the Series K Revenue Fund Account all amounts paid by the Borrower for such purpose pursuant to the Financing Agreement.

Following the transfer to the applicable Account of the Revenue Fund of investment earnings from any Eligible Investments, as provided in Section 5.16 of the Indenture, (i) prior to the MBS Delivery Date, the Trustee shall disburse from the Series J Revenue Fund Account (and, to the extent amounts in the Series J Revenue Fund Account, are insufficient for such purposes, from the Series J Negative Arbitrage Account), on each Series J Bond Payment Date an amount equal to the amount of principal and interest due on the Series J Bonds pursuant to the Permanent Loan Amortization Schedule and (ii) on each Series K Bond Payment Date, the Trustee shall disburse from the Series K Revenue Fund Account (and, to the extent amounts in the Series K Revenue Fund Account are insufficient for such purposes, from the Series K Negative Arbitrage Account) an amount equal to the amount of principal and interest due on the Series K Bonds.

On the MBS Delivery Date, the Trustee shall remit from the Series J Revenue Fund Account (and, to the extent amounts in the Series J Revenue Fund Account, are insufficient for such purposes, from the Series J Negative Arbitrage Account) to the Permanent Lender accrued and unpaid interest on

the MBS at the Pass-Through Rate from the first calendar day of the month in which the MBS was delivered.

On the first Business Day following the Payment Date in the first full month following the MBS Delivery Date, the Trustee shall return to the Borrower any amounts then on deposit in the Series J Negative Arbitrage Account of the Revenue Fund and shall immediately close such account.

On the first Business Day following receipt of any MBS Revenues and the deposit thereof into the Series J Revenue Fund Account pursuant to Section 5.05(e) of the Indenture, the Trustee shall pay to the Series J Bond owners all amounts so received from money on deposit in the Series J Revenue Fund Account.

If the Trustee does not receive a scheduled payment on the MBS by 5:00 p.m. Eastern Time on the 25<sup>th</sup> day of any month (or the next succeeding Business Day if such day of the month is not a Business Day), the Trustee shall immediately notify Fannie Mae and immediately demand payment under the terms of the guaranty thereof.

Bond Proceeds Fund. Upon (a) deposit of Eligible Funds (other than proceeds of the Bonds) into the applicable Account of the Collateral Fund, if any, as provided in Section 5.09 of the Indenture, (b) delivery of a corresponding Requisition executed by an Authorized Borrower Representative (and approved by the Lender and Issuer Servicer) and (c) subject to the provisions of this Section 5.08 of the Indenture, the Trustee shall disburse proceeds of the Series J Bonds or Series K Bonds, as applicable, in an amount equal to such corresponding deposit made into the applicable Account of the Collateral Fund to fund Project Costs pursuant to such Requisition. Prior to making any such disbursement from the applicable Account of the Bond Proceeds Fund, the Trustee shall confirm that, with respect to each of the Series J Bonds and the Series K Bonds, as applicable, the aggregate amount, including projected investment earnings shown in the Cash Flow Projection delivered at closing (upon which the Trustee may conclusively rely for this confirmation without further calculation of review), that will be held in (a) the applicable Account of the Collateral Fund, (b) the applicable Account of the Bond Proceeds Fund, and (c) the Series J Negative Arbitrage Account and the Series K Negative Arbitrage Account, after the requested disbursement and subject to reallocation as provided in the Indenture, will at least equal the principal and interest due on the Series J Bonds and the Series K Bonds, as applicable, to the Initial Termination Date and, notwithstanding anything to the contrary, the Trustee shall not disburse money from the Bond Proceeds Fund (other than to pay amounts due on the Bonds), unless and until Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited into the applicable Account of the Collateral Fund. To the extent money on deposit in the applicable Account in the Bond Proceeds Fund is invested in Eligible Investments that have not yet matured, the Trustee is hereby authorized to reallocate the Eligible Investments in the manner described under “- Allocation and Reallocation of Eligible Investments Deposited to the Collateral Fund and the Bond Proceeds Fund” below.

Upon the satisfaction of the provisions described above, the Trustee shall be irrevocably and unconditionally obligated to disburse Bond proceeds from the applicable Account in the Bond Proceeds Fund equal to either the amount deposited to the applicable Account of the Collateral Fund, as set forth in the corresponding Requisition and to the extent the Trustee is unable to do so, the Trustee shall return the amount deposited into the applicable Account of the Collateral Fund, within one Business Day of receipt of such deposit, to the party that made such deposit as set forth in the Requisition.

The Trustee shall not disburse any amounts on deposit in the Series J Bond Proceeds Fund Account until all amounts on deposit in the Series K Bond Proceeds Fund Account have been applied to



pay Project Costs. Upon the disbursement of all amounts on deposit in the Series K Bond Proceeds Account, such account shall be closed.

To the extent sufficient Eligible Funds are not otherwise available to the Trustee, including money on deposit in the applicable Account of the Revenue Fund, the applicable Account of the Collateral Fund or the Series J Negative Arbitrage Account or Series K Negative Arbitrage Account, as applicable, of the Revenue Fund, the Trustee shall transfer from the applicable Account of the Bond Proceeds Fund to the applicable Account of the Revenue Fund sufficient money to pay amounts due on the Series J Bonds or Series K Bonds, as applicable, pursuant to the Indenture.

On the MBS Delivery Date, amounts remaining in the Series J Bond Proceeds Fund Account of the Bond Proceeds Fund shall be used by the Trustee, subject to the provisions of Section 5.03 of the Indenture, in the following order: (i) to the extent sufficient funds are not otherwise available in the Series J Collateral Fund Account, to pay the MBS Purchase Price, (ii) to transfer funds to the Series J Revenue Fund Account in an amount equal to the difference, if any, between (x) the aggregate principal amount of the Bonds Outstanding as of the first day of the month in which the MBS Delivery Date occurs and (y) the principal amount of the MBS purchased on the MBS Delivery Date, plus interest accrued but unpaid to the redemption date, for redemption pursuant to Section 3.01(c) of the Indenture, and (iii) to pay any remaining Project Costs as approved by the Permanent Lender in writing. Upon the disbursement of all amounts on deposit in the Series J Bond Proceeds Account, such account shall be closed.

Collateral Fund. The Trustee shall deposit into the applicable Account of the Collateral Fund all Eligible Funds (other than proceeds of the Bonds) received pursuant to the Financing Agreement for such purpose, and any other Eligible Funds received by the Trustee for deposit into the applicable Account of the Collateral Fund. The Financing Agreement requires the Borrower to cause Eligible Funds to be paid to the Trustee for deposit into the applicable Account of the Collateral Fund in a principal amount equal to, and as a prerequisite to the disbursement of, the corresponding amount of Series J Bond proceeds and Series K Bond proceeds, as applicable, on deposit in the applicable Account of the Bond Proceeds Fund to be disbursed by the Trustee to pay Project Costs.

Subject to the provisions hereof, (i) until the purchase of the MBS on the MBS Delivery Date, each deposit into the Series J Collateral Fund Account shall constitute an irrevocable deposit solely for the benefit of the holders of the Series J Bonds, and (ii) each deposit into the Series K Collateral Fund Account shall constitute an irrevocable deposit solely for the benefit of the holders of the Series K Bonds.

Money in the Collateral Fund shall be used by the Trustee as follows: (i) to the extent money is not otherwise available, the Trustee shall transfer from the applicable Account of the Collateral Fund to the applicable Account of the Revenue Fund an amount necessary to pay amounts due on the applicable Bonds pursuant to Section 3.01 of the Indenture, and (ii) on the MBS Delivery Date, the Trustee shall use money in the Series J Collateral Fund Account (and, to the extent there are not sufficient funds on deposit in the Series J Collateral Fund Account, first from the Series J Negative Arbitrage Account and second from the Series J Bond Proceeds Fund Account) to pay for the principal amount of the MBS.

The Bonds shall not be, and shall not be deemed to be, paid or prepaid by reason of any deposit into the Collateral Fund unless and until the amount on deposit in the applicable Account of the Collateral Fund is transferred to the applicable Account of the Revenue Fund and applied to the payment of the principal of any of the Bonds, or the principal component of the redemption price of any of the Bonds, all as provided in the Indenture.

On the Business Day following each disbursement from the applicable Account of the Bond Proceeds Fund, to the extent that the aggregate principal amount held in both (a) the applicable Account

of the Collateral Fund and (b) the applicable Account of the Bond Proceeds Fund, after the requested disbursement, exceeds the then-Outstanding principal amount of the Bonds shall be retained in the applicable account of the Collateral Fund.

On the Business Day following the retirement in full of the Series K Bonds either by reason of the redemption thereof or if later, the Bond Maturity Date, any funds then remaining in the Series K Collateral Account shall be transferred to the Series J Collateral Account and the Series K Collateral Account shall be closed.

On the first Business Day of the month following the month in which the Series J Bonds are either redeemed in full for failure to deliver the MBS or the MBS has been delivered to the Trustee, any funds then remaining in the Series J Collateral Account shall be disbursed to or at the direction of the Borrower and the Series J Collateral Account shall be closed.

[Borrower Equity Fund. The Borrower shall cause to be deposited with the Trustee the Borrower Equity Amount for deposit to the Borrower Equity Fund. Amounts on deposit in the Borrower Equity Fund shall be disbursed to pay Project Costs upon receipt of a Requisition approved by the Lender. Once all Project Costs have been paid or accounted for, as certified in writing by the Borrower and approved by the Lender, any funds remaining in the Borrower Equity Fund shall be disbursed to the Borrower and the Borrower Equity Fund shall be closed.][*Confirm if Fund is needed.*]

In addition to the Collateral Fund, the Bond Proceeds Fund and the Revenue Fund, the Indenture creates the Rebate Fund, and Administration Fund and Cost of Issuance Fund, all of which are described in "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" hereto.

### **Investment of Funds**

The moneys held by the Trustee shall constitute trust funds for the purposes of the Indenture. Any moneys attributable to each of the Funds and Accounts shall be invested by the Trustee at the written direction of the Borrower in Eligible Investments which, except as otherwise provided in Section 5.16 of the Indenture, mature or are redeemable at par without penalty on the date on which such funds are expected to be needed for the purposes for which they are held. Notwithstanding anything herein to the contrary except as otherwise described in this sentence, all amounts in the Bond Proceeds Fund, the Revenue Fund and the Collateral Fund shall be invested solely in Eligible Investments; provided, however, that following the MBS Delivery Date, payments received with respect to the MBS shall be held uninvested. All investment earnings from amounts on deposit in the Bond Proceeds Fund, the Revenue Fund and the Collateral Fund shall be credited to the applicable Account of the Revenue Fund. If the Trustee does not receive written direction from the Borrower regarding the investment of funds, the Trustee shall invest solely in Eligible Investments described in clause (b) of the definition of Eligible Investments herein, which shall mature or be redeemable at par without penalty at the times set forth in Section 5.12 of the Indenture. The Trustee may make any and all such investments through its own banking department or the banking department of any affiliate.

Eligible Investments representing an investment of moneys attributable to any Fund or Account shall be deemed at all times to be a part of such Fund. Subject to the following sentence, investments shall be sold at the best price obtainable whenever it shall be necessary to do so in order to provide moneys to make any transfer, withdrawal, payment or disbursement from such Fund. With respect to the Series J Bonds, prior to the MBS Delivery Date, at the written direction of the Borrower, the Trustee is permitted to invest in Eligible Investments that mature on or before the MBS Delivery Date Deadline but is not permitted to sell or otherwise dispose of such Eligible Investment prior to the maturity of such Eligible Investment without first receiving (i) a Cash Flow Projection and (ii) Eligible Funds, if any, as

set forth in the Cash Flow Projection. With respect to the Series K Bonds, prior to the Initial Mandatory Tender Date, at the written direction of the Borrower, the Trustee is permitted to invest in Eligible Investments that mature on or before the Initial Mandatory Tender Date but is not permitted to sell or otherwise dispose of such Eligible Investment prior to the maturity of such Eligible Investment without first receiving (i) a Cash Flow Projection, and (ii) Eligible Funds, if any, as set forth in the Cash Flow Projection. In the case of any required transfer of moneys to another such Fund, such investments may be transferred to that Fund in lieu of the required moneys if permitted by the Indenture as an investment of moneys in that Fund.

All Eligible Investments acquired by the Trustee pursuant to the Indenture shall be purchased in the name of the Trustee and shall be held for the benefit of the Bondholders pursuant to the terms of the Indenture. The Trustee shall take such actions as shall be necessary to assure that such Eligible Investments are held pursuant to the terms of the Indenture and are subject to the trust and security interest therein created.

The Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance with the Indenture. The Trustee or its affiliates may act as sponsor, principal or agent in the acquisition or disposition of investments. The Trustee may commingle investments made under the Funds and Accounts established under the Indenture, but shall account for each separately.

#### **Allocation and Reallocation of Eligible Investments Deposited to the Collateral Fund and the Bond Proceeds Fund**

On the Closing Date, the Trustee shall allocate ownership of the Eligible Investments acquired pursuant to the Indenture and deposited for the benefit of the Bond Proceeds Fund and the Collateral Fund as follows: The Trustee shall allocate to the appropriate account in the Collateral Fund a percentage of such Eligible Investments equal to the amount of Eligible Funds delivered to the Trustee for deposit to the Collateral Fund on the Closing Date divided by the aggregate Outstanding principal amount of the applicable series of Bonds and multiplied by 100 (the "Initial Collateral Fund Percentage") and the remainder (i.e., 100% minus the Initial Collateral Fund Percentage, referred to as the "Initial Bond Proceeds Fund Percentage") shall be allocated to the appropriate account in the Project Fund. On each subsequent month when additional Eligible Funds are delivered for deposit to the appropriate account of the Collateral Fund (the "Subsequent Allocation Date"), the dollar amount of such Eligible Funds shall be added to all prior deposits of Eligible Funds, and the percentage of such Eligible Investments allocated to the appropriate account in the Collateral Fund shall be adjusted to that percentage equal to the aggregate Eligible Funds through such date divided by the aggregate Outstanding principal amount of the Bonds and multiplied by 100 (the "Collateral Fund Percentage") and the remainder (i.e., 100% minus the Collateral Fund Percentage, referred to as the "Bond Proceeds Fund Percentage") shall be allocated to the appropriate account in the Bond Proceeds Fund. On each Subsequent Allocation Date, the Trustee shall be deemed to have liquidated that portion of the Eligible Investments allocated to the appropriate account in the Bond Proceeds Fund and purchased equivalent Eligible Investments to be allocated to the appropriate account in the Collateral Fund.

#### **Defeasance**

(a) If all Bonds shall be paid and discharged as provided in the Indenture, then all obligations of the Trustee and the Issuer under the Indenture with respect to all Bonds shall cease and terminate, except only (i) the obligation of the Trustee to pay or cause to be paid to the owners thereof all sums due with respect to the Bonds and to register, transfer and exchange Bonds pursuant to the Indenture, (ii) the obligation of the Issuer to pay the amounts owing to the Trustee under the Indenture from the Trust Estate, and (iii) the obligation of the Issuer to comply with Sections 6.03 of the Indenture. Any funds

held by the Trustee at the time of such termination which are not required for payment to Bondholders or for payment to be made by the Issuer, including any other unpaid Trustee fees and expenses, shall be paid as provided in Section 5.15 of the Indenture.

Any Bond or portion thereof in an Authorized Denomination shall be deemed no longer Outstanding under the Indenture if paid or discharged in any one or more of the following ways:

(i) by well and truly paying or causing to be paid the principal of, premium, if any, and interest on such Bond which have become due and payable; or

(ii) by depositing with the Trustee, in trust, cash which, together with the amounts then on deposit in the Revenue Fund and dedicated to this purpose, is fully sufficient to pay when due all principal of, and premium, if any, and interest on such Bond to the maturity or earlier redemption date thereof; or

(iii) by depositing with the Trustee, in trust, any investments listed under the definition of Eligible Investments in such amount as in the written opinion of a certified public accountant will, together with the interest to accrue on such Eligible Investments without the need for reinvestment, be fully sufficient to pay when due all principal of, and premium, if any, and interest on such Bond to the maturity or earlier redemption date thereof, notwithstanding that such Bond shall not have been surrendered for payment.

(b) Notwithstanding the foregoing, no deposit under clauses (ii) and (iii) of section (a) above shall be deemed a payment of such Bond until the earlier to occur of:

(i) if such Bond is by its terms subject to redemption within 45 days, proper notice of redemption of such Bond shall have been previously given in accordance with Section 3.02 of the Indenture to the holder thereof or, in the event such Bond is not by its terms subject to redemption within 45 days of making the deposit under clauses (ii) and (iii) of subsection (a) above, the Issuer shall have given the Trustee irrevocable written instructions to mail by first-class mail, postage prepaid, notice to the holder of such Bond as soon as practicable stating that the deposit required by clauses (ii) or (iii) of subsection (a) above, as applicable, has been made with the Trustee and that such Bond is deemed to have been paid and further stating such redemption date or dates upon which money will be available for the payment of the principal and accrued interest thereon; or

(ii) the maturity of such Bond.

(c) The Trustee shall be entitled to receive a report from a nationally recognized accounting firm selected by the Issuer to provide for the payment of all Bonds to be defeased pursuant to this Section.

(d) In addition to the circumstances described in paragraph (a) above, any Bond or portion thereof in an Authorized Denomination shall be deemed no longer Outstanding under the Indenture if and to the extent of an exchange of such Bond or portion thereof for the MBS or an interest therein as provided in Section 2.16 of the Indenture.

Any Series J Bonds defeased in accordance with the Indenture will no longer be secured by the MBS.

Notwithstanding anything herein to the contrary, the purchase of Eligible Investments in accordance with the provisions of the Indenture described under “-Investment of Funds” above, together with the Negative Arbitrage Deposit, shall not cause a discharge of the Indenture.

## **No Release of MBS**

Except as described under “Defeasance” above, the Trustee shall not release and discharge the MBS from the lien of the Indenture until the principal of, premium, if any, and interest on the Bonds shall have been paid or duly provided for under the Indenture. The Trustee shall not release or assign the MBS to any person other than a successor Trustee so long as Fannie Mae shall not be in default thereunder (except to the limited extent described under “DESCRIPTION OF THE BONDS – Optional Exchange of Series J Bonds for MBS” herein).

## **Events of Default and Remedies**

For a description of events of default, remedies, rights of Bondholders, restrictions on Bondholder actions, application of moneys after default, control of proceedings and waivers of events of default, see “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” hereto.

## **Supplemental Indentures**

For a description of supplemental indentures effective upon acceptance and supplemental indentures requiring consent of Bondholders, see “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE” hereto.

## ESTIMATED SOURCES AND USES OF FUNDS

The sources and uses of funds for the Project to be applied under the Indenture are estimated by the Borrower to be approximately as follows.

### SOURCES:

Series J Bonds	\$-
Series K Bonds	-
Required Equity Funds*	-
Construction Loan	-
Total Sources of Funds:	\$-

### USES:

Series J Bond Proceeds Fund Account	\$-
Series K Bond Proceeds Fund Account	-
Series J Collateral Account	-
Series K Collateral Account	-
Revenue Fund – Series J Negative Arbitrage Account	-
Total Uses of Funds:	\$-

\* Required Equity Funds will be Eligible Funds provided through a day loan from the Investor Limited Partner to the Borrower.

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## OTHER FINANCING SOURCES

In addition to the proceeds of the Bonds, the financing of the Project will be facilitated through the following other financing sources:

Construction Loan. The Project will utilize a construction loan in the principal amount of \$84,840,000\* (the "Construction Loan"). The obligation to repay the Construction Loan will be set forth in a promissory note (the "Construction Loan Note") from the Borrower to the Construction Lender and will be repayable out of cash flow and other non-Project sources on the terms and conditions set forth therein. The Construction Loan Note will be secured by a mortgage against the Project. The Construction Loan Note will have a term of \_\_\_ months and will bear interest at a rate of \_\_\_ per annum, with principal and interest not otherwise paid, due at maturity. The Construction Loan proceeds will be disbursed from time to time by the Construction Lender to the Trustee for deposit into the Collateral Fund to allow for a corresponding amount of Bond proceeds to be disbursed to the Project.

Permanent Loan and Mortgage Note. The Project will utilize a Permanent Loan from the Permanent Lender. Upon satisfaction of the Conditions to Conversion, the Permanent Lender will make the Permanent Loan to the Borrower, the proceeds of which will be used to pay off a portion of the Construction Loan. The obligation to repay the Permanent Loan will be set forth in a promissory note (the "Mortgage Note") from the Borrower to the Permanent Lender, which Mortgage Note will have a term of not less than 360 months, will bear interest at a rate of \_\_\_% and will amortize over \_\_\_ years. The principal amount of the Series J Bonds will be equal to the principal amount of the Permanent Loan. Following the MBS Delivery Date, payments on the Series J Bonds will be payable by the Trustee from payments received by the Trustee pursuant to the MBS. Upon delivery of the Mortgage Note, the Series J Bond Loan Note will no longer be in effect.

Tax Credit Equity. Simultaneously with the issuance of the Bonds, the Borrower expects to offer the Investor Limited Partner a 99.99% ownership interest in the Borrower. Pursuant to the sale, the funding of the Tax Credit Equity will total approximately \$ \_\_\_\_\_, with an initial contribution of approximately \$ \_\_\_\_\_, which will be funded on the Closing Date. The funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

General Partner Loan. Simultaneously with the issuance of the Bonds, the General Partner of the Borrower is expected to make a loan to the Borrower to finance a portion of the Project in the approximate amount of \$ \_\_\_\_\_ (the "GP Loan"). The GP Loan is expected to be a non amortizing loan that will mature in \_\_\_ years and be payable from cash flow from the Project. It is also expected to be secured by a mortgage on the property that is subordinate to the mortgages in favor of the Permanent Lender and the Construction Lender.

Seller Loan. Simultaneously with the issuance of the Bonds, the seller of the Project is expected to make a loan to the Borrower to finance a portion of the Project in the approximate amount of \$ \_\_\_\_\_ (the "Seller Loan"). The Seller Loan is expected to be a non amortizing loan that will mature in \_\_\_ years and be payable from cash flow from the Project. It is also expected to be secured by a mortgage on the property that is subordinate to the mortgages in favor of the Permanent Lender, the Construction Lender and the General Partner Loan.

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\* Preliminary, subject to change.

Deferred Developer Fee. The Project will also utilize deferred developer fee in the amount of \$ \_\_\_\_\_ as a source of funding.

## THE PROJECT AND THE PARTICIPANTS

### The Project

General. The Project consists of the construction, rehabilitation and equipping of a 202-unit multifamily rental housing facility to be occupied by persons of low and very low income and related personal property and equipment known as Eastern Park Apartments and located in the City and County of San Francisco, California.

The Project is intended to be affordable housing for low income persons. On-site amenities of the Project will include [Description of on-site amenities].

The unit mix of the Project is as follows:

	Number of Units	Unit Type	Approximate Square Footage per Unit
	-	-	-
	-	-	-
<b>Total:</b>	<b>202</b>		

Unit amenities will include [List of Amenities].

### The Borrower

[Description of the Borrower and partners to come]

### The Developer

[Description of the Developer]

### Limited Assets and Obligations of the Borrower

[The Borrower entity was formed to acquire, renovate and operate the Project. Borrower has no material assets other than the Project and has covenanted not to engage in any activities unrelated to the Project. However, affiliates of the Borrower are engaged in and will continue to engage in the acquisition, development, ownership and management of similar types of housing projects. They may be financially interested in, as officers, partners or otherwise, and devote substantial times to, business and activities that may be inconsistent or competitive with the interests of the Project.

The obligations and liabilities of the Borrower under the Bond Loan Notes are of a non-recourse nature and are limited to funds deposited or to be deposited under the Indenture to enable the Borrower to satisfy such obligations. Neither the Borrower nor its members have any personal liability for payments on the Bond Loan Notes to be applied to pay the principal of and interest on the Bonds. Furthermore, no representation is made that the Borrower has substantial funds available for the Project. Accordingly, neither the Borrower's financial statements nor those of its members are included in this Official Statement.



**The Borrower has not previously engaged in any other business operation and has no historical earnings and has no assets other than its interest in the Project. Accordingly, it is expected that the Borrower will not have any sources of funds to make payments on the Bonds, other than revenues generated by the Project.]**

**The Contractor**

The General Contractor for the Project will be \_\_\_\_\_ (the “Contractor”). The Contractor and its affiliates [Brief description of work history]. Any previous experience of the Contractor is no assurance that the Project will be successful.

**The Property Manager**

The Project will be managed by \_\_\_\_\_ (the “Property Manager”). The Property Manager currently manages [Brief description of managed properties].

**Project Regulation**

*[To be conformed to relevant agreements.]*

Regulatory Agreement. The Regulatory Agreement requires that at all times during the Qualified Project Period, not less than 40% of the completed residential units in the Project, other than those units occupied by the Borrower or an Affiliated Party to the Borrower, shall be occupied (or held available for occupancy) on a continuous basis by persons or families at or below 60% of the median gross income for the area in which the Project is located.

The Borrower has agreed that each individual rental unit in the Project will be rented or held for rental on a first-come, first-served basis, to the general public on a continuous basis, subject to the restrictions in the Regulatory Agreement. In addition, the Borrower will agree to the occupancy requirements described under this heading. See “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT.”

The Regulatory Agreement also contains provisions for verifying compliance with the terms thereof. The provisions of the Regulatory Agreement discussed herein are intended, among other things, to ensure compliance with the requirements of the Code with respect to the excludability of the interest on the Bonds from gross income. Upon any breach by the Borrower of any provisions of the Regulatory Agreement, the Issuer or the Trustee may (in some cases only with the consent of Lender) take such actions at law or in equity as deemed appropriate under the circumstances, including an action for specific performance of the Regulatory Agreement, as described under the heading “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT.” Such a breach by the Borrower may result in interest on the Bonds being included in gross income of the holders of the Bonds for purposes of federal income taxation as described in “CERTAIN BONDHOLDERS’ RISK - Taxability of the Bonds” and “TAX MATTERS.”

Extended Use Agreement. In connection with the Tax Credits expected to be allocated to the Borrower in connection with the Project, the Borrower will execute an Extended Low-Income Housing Agreement for the Project in compliance with Section 42 of the Code (the “Extended Low-Income Housing Agreement”). The Extended Low-Income Housing Agreement extends the low-income housing tax credit targeting and rent restrictions for the Project under Section 42 of the Code for at least 15 years beyond the initial 15 year compliance period, subject only to a few exceptions. The Extended Low-Income Housing Agreement will be executed by the Borrower and the Issuer before the end of the first

year of the credit period (as defined in Section 42 of the Code) and recorded in the public records of the county in which the Project is located as a covenant running with the land. The Extended Low-Income Housing Agreement for the Project will, among other things, require that at least 100% of the residential rental units in the Project must be occupied by or set aside for individuals or families whose income does not exceed 60% of the AMI for San Francisco County, California, adjusted for family size in accordance with Section 142(d) of the Code.

Under the Code, the restricted use period terminates prior to its expiration date if the Project is acquired by foreclosure or deed in lieu thereof unless after foreclosure or deed in lieu of foreclosure a transfer is made to a person or entity related to the Borrower. Notwithstanding the foregoing, the Code requires that any termination of the extended use period due to foreclosure shall not permit, before the close of the three year period following such foreclosure, (i) the eviction or termination of tenancy of a tenant without cause, or (ii) any increase in the gross rent of any such units not otherwise permitted by Section 42 of the Code.

### **CERTAIN BONDHOLDERS' RISKS**

*The following is a summary of certain risks associated with a purchase of the Bonds. There are other possible risks not discussed below.*

#### **Limited Security; Investment of Funds**

The Bonds are special limited obligations of the Issuer payable solely from the Trust Estate, which includes certain funds pledged to and held by the Trustee pursuant to the Indenture. The Bonds will not be secured by a mortgage or other security interest in the Project.

The Bonds are offered solely on the basis of the amounts pledged to and held by the Trustee under the Indenture, together with investment earnings thereon, and, with respect to the Series J Bonds, the MBS, and are not offered on the basis of the credit of the Borrower, the feasibility of the Project or any other security. As a consequence, limited information about the Project and no information about the financial condition or results of operations of the Borrower is included in this Official Statement. The Bonds are offered only to investors who, in making their investment decision, rely solely on the amounts held under the Indenture, together with investment earnings thereon, and, with respect to the Series J Bonds, the MBS, and not on the credit of the Borrower, the feasibility of the Project or any other security.

The principal of and interest on the Bonds are payable from and secured by certain revenues and funds pledged thereto under the Indenture, together with investment earnings thereon and, with respect to the Series J Bonds, following the MBS Delivery Date, from payments on the MBS. On the date of delivery of the Bonds, an amount equal to the principal amount of the Bonds is to be deposited into the Bond Proceeds Fund. The Trustee is required to invest amounts held in the Bond Proceeds Fund, the Collateral Fund and the Revenue Fund in Eligible Investments, as defined in the Indenture. See APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE. Failure to receive a return of the amounts so invested could affect the ability to pay the principal of and interest on the Bonds.

#### **No Acceleration or Early Redemption Upon Loss of Tax Exemption on the Bonds**

The Borrower will covenant and agree, pursuant to the Regulatory Agreement, to comply with the provisions of the Code relating to the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds. [In particular, the Borrower is required to rent at least forty percent (40%) of the Project apartment units to certain qualified tenants whose income does not exceed sixty percent (60%) of the area average median income where the Project is located.] The Borrower's failure to

comply with such provisions will not constitute a default under the Bonds and will not give rise to a redemption or acceleration of the Bonds and is not the basis for an increase in the rate of interest payable on the Bonds. Furthermore, the Borrower's failure to comply with the Regulatory Agreement will not give rise to a prepayment or acceleration of amounts due under the MBS or the Mortgage, unless directed by Fannie Mae in its sole discretion. Consequently, interest on the Bonds may become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Bonds by reason of the Borrower's failure to comply with the requirements of federal tax law. In such event, a Bondholder could exercise its option to exchange its Series J Bond for the MBS as described above under the heading "Optional Exchange of Series J Bonds for MBS," but will have lost the value of the tax-exemption.

### **Payments on Series J Bonds Prior to MBS Delivery Date**

Prior to the MBS Delivery Date, payment of principal and interest, and the Borrower's obligations with respect to principal and interest on the Series J Bonds, will be secured by and payable from Series J Bond proceeds held in the Series J Bond Proceeds Fund Account and moneys deposited into the Series J Collateral Fund Account and the Series J Revenue Fund Account (including the Series J Negative Arbitrage Account in the Revenue Fund). Although the Borrower will execute the Series J Bond Loan Note to evidence its obligation to repay the loan evidenced thereby, it is not expected, prior to the MBS Delivery Date, that any revenues from the Project or other amounts, except moneys on deposit in the Series J Bond Proceeds Fund Account, the Series J Collateral Fund Account and the Series J Revenue Fund Account, will be available to satisfy that obligation. The Indenture requires the Trustee to verify, before any disbursement of funds from the Series J Bond Proceeds Fund Account, that the sum of the funds on deposit in the Series J Bond Proceeds Fund Account and the Series J Collateral Fund Account is at least equal to the then-outstanding principal amount of the Series J Bonds. Prior to the MBS Delivery Date, moneys on deposit in the Series J Bond Proceeds Fund Account, the Series J Collateral Fund Account and the Series J Negative Arbitrage Account of the Revenue Fund, and the interest earnings thereon have been calculated to be sufficient to pay the debt service on the Series J Bonds.

### **Mandatory Redemption of Bonds Prior to Maturity**

Pursuant to the Indenture, under certain circumstances, the Bonds may be subject to mandatory redemption prior to maturity. See "DESCRIPTION OF THE BONDS – Redemption of Bonds" herein.

### **Failure to Satisfy Conditions to Conversion**

The Borrower is required to satisfy, prior to the Termination Date, the Conditions to Conversion set forth in the Permanent Lender Commitment. If the Borrower fails to satisfy the Conditions to Conversion or if Fannie Mae is otherwise unable to deliver the MBS, the MBS will not be delivered, resulting in the mandatory redemption of the Bonds pursuant to the Indenture. See "DESCRIPTION OF THE BONDS – Redemption of Bonds" herein.

### **Eligible Investments**

Proceeds of the Bonds deposited into the Bond Proceeds Fund and Eligible Funds received by the Trustee for deposit into the Collateral Fund are required to be invested in Eligible Investments. See "APPENDIX B – DEFINITIONS OF CERTAIN TERMS" hereto for the definition of Eligible Investments. There can be no assurance that there will not be a loss resulting from any investment held for the credit of the Bond Proceeds Fund or the Collateral Fund, and any failure to receive a return of the amounts so invested could affect the ability to pay the principal of and interest on the Bonds.

## **Rating Based on Eligible Investments and MBS**

Prior to the MBS Delivery Date with respect to the Series J Bonds and at all times with respect to the Series K Bonds, the rating on the Bonds is based on the investment in Eligible Investments of amounts on deposit in the Bond Proceeds Fund and the Collateral Fund. If one or more of such investments fail to meet the rating standards for Eligible Investments after their acquisition and prior to maturity, such a change may result in a downgrade or withdrawal of the rating on the Bonds.

After the MBS Delivery Date with respect to the Series J Bonds, the rating on the Series J Bonds is based on the credit rating of Fannie Mae. If any event occurs that causes an adverse change to the credit rating of Fannie Mae, such a change may result in a downgrade or withdrawal of the rating on the Series J Bonds.

## **Acceleration; Rescission of Acceleration.**

Upon the occurrence of an Event of Default, the Trustee may, and upon the written request of the holders of not less than seventy-five percent (75%) in aggregate principal amount of the Bonds then Outstanding, which written request shall acknowledge that the amounts due on the MBS cannot be accelerated solely by virtue of acceleration of the Bonds, and upon receipt of indemnity satisfactory to the Trustee, shall, by notice in writing delivered to the Issuer, declare the principal of all Bonds then Outstanding, premium, if any, and the interest accrued thereon immediately due and payable, and such principal, premium, if any, and interest shall thereupon become and be immediately due and payable. Such an Event of Default shall not give rise to an acceleration pursuant to the Indenture, provided, however, that following such an Event of Default, the holder of one-hundred percent (100%) of the Bonds then Outstanding may direct the Trustee in writing to transfer the MBS to it or its designee, in which case, the Trustee shall transfer and deliver to such requesting owner the Trustee's beneficial ownership interest in the MBS promptly following (i) delivery to the Trustee (via DWAC withdrawal) of the Bonds being exchanged, and (ii) payment by the requesting owner of the Trustee's exchange fee (\$1,000 as of the date of the Indenture) with respect to such Bonds. Such MBS will be in book-entry form. Transfers of the MBS will be made in accordance with current market practices, including the applicable provisions of the SIFMA's Uniform Practices for the Clearance and Settlement of Mortgage-Backed Securities and Other Related Securities. Upon receipt of such Bonds from the requesting Beneficial Owner, the Trustee will promptly cancel the Bonds being exchanged, which will not be reissued. MBSs delivered in such an exchange will not be exchangeable for Bonds. Once the Bonds are fully discharged and/or exchanged for the MBS, the Trustee will not have any remaining duties with respect thereto.

The MBS delivered in such an exchange will also be subject to any applicable disclosure requirements concerning MBSs that have been issued in connection with the multifamily mortgage lending program of a governmental housing finance agency and financed by tax-exempt obligations.

Interest on such MBS is not excludable from gross income for federal income tax purposes. Owners of Series J Bonds should consult their own tax advisors concerning that and other tax consequences of any exchange of a Bond for the MBS.

The acceleration of the Bonds will not constitute a default under, or by itself cause the acceleration of, the MBS.

If at any time after the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Issuer, the Borrower, the Investor Limited Partner or Fannie Mae, as applicable, shall pay to or deposit with the Trustee a sum sufficient to pay all principal of the Bonds then due (other than solely by reason of such

declaration) and all unpaid installments of interest (if any) on all the Bonds then due with interest at the rate borne by the Bonds on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, and the reasonable expenses of the Trustee shall have been made good or cured or adequate provisions shall have been made therefor, and all other defaults have been made good or cured or waived in writing by the holders of a majority in principal amount of the Bonds then Outstanding, then and in every case, the Trustee on behalf of the holders of all the Bonds shall rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, nor shall it impair or exhaust any right or power consequent thereon. Notwithstanding anything herein to the contrary, so long as Borrower shall have made all payments then required on the Bond Loan Notes (as defined in the Indenture) and the Mortgage Note or otherwise required pursuant to the Construction Loan Documents and the Permanent Loan Documents, Borrower shall have no obligation to pay any amounts with respect to the Bonds or the MBS.

### **Series J Bonds – Repayment of Permanent Loan**

The ability of the Borrower to pay the Permanent Loan is dependent on the revenues derived from the Project. Due to the inherent uncertainty of future events and conditions, no assurance can be given that revenues generated by the Project will be sufficient to pay expenses of the Project, including without limitation, debt service on the Permanent Loan, operating expenses, servicing fees, fees due to Fannie Mae, Trustee fees, and fees owed to the Issuer. The ability of the Project to generate sufficient revenues may be affected by a variety of factors including, but not limited to, completion of repairs to such Project, the maintenance of a sufficient level of occupancy, the ability to achieve increases in rents, the level of operating expenses, project management, adverse changes in applicable laws and regulations, general economic conditions and other factors in the surrounding market area for the Project. The Borrower intends to rent all of the units in the Project to persons or families of low and very low income and the amount of rent that may be charged for such units may be materially less than market rates. In addition to these factors, other adverse events may occur from time to time which may have a negative impact on the occupancy level and rental income of the Project.

Failure of the Borrower to make payments when due under the Permanent Loan will result in an event of default under the Permanent Loan and the Financing Agreement and may result in a mandatory prepayment of all or a portion of the Series J Bonds. The Permanent Loan will not be accelerated unless directed by Fannie Mae in its sole discretion in which case the Series J Bonds will remain outstanding and will remain secured by the MBS guaranteed as to timely payment of principal and interest by Fannie Mae. See “SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS” herein.

The Permanent Loan is a non-recourse obligation of the Borrower with respect to which neither the Borrower nor its partners have personal liability and as to which the Borrower and its partners have not pledged for the benefit of the Permanent Lender any of their respective assets, other than the Project and its rents, profits and proceeds.

### **Series J Bonds are Pass-Through Bonds; Interest Payment Lag**

As described elsewhere herein, following the MBS Delivery Date, the Series J Bonds are pass-through securities designed to pass through to registered owners of the Series J Bonds principal and interest payments on the MBS one Business Day after receipt by the Trustee of such payments on the MBS. Interest payments on the Series J Bonds will equal interest accrued on the Bonds during the prior calendar month and shall be made from interest payments received by the Trustee on the MBS, which payments on the MBS shall be the 25th day of each month, or the next Business Day if the 25th is not a Business Day.

Although interest accrues on the MBS during a calendar month, the Trustee will not receive such payment on the MBS until the 25th day in the following calendar month, or the next succeeding Business Day if such day is not a Business Day. In addition, the Series J Bonds mature on the Bond Maturity Date; however, the final principal payment on the MBS will occur on the 25th day of the month in which the Bond Maturity Date occurs (or the succeeding Business Day if such day is not a Business Day) and such payment will be passed through to Bondholders on the following Business Day after receipt by the Trustee. Because of these delays, the effective yield on the Series J Bonds will be lower than the Pass-Through Rate on the MBS and the stated interest rate on the Series J Bonds.

### **Series J Bonds – Pass-Through Certificate**

If the MBS is issued by Fannie Mae and acquired by the Trustee as collateral for the Series J Bonds, Fannie Mae's obligations will be solely as provided in the MBS and in the Fannie Mae MBS Prospectus and the related form of Prospectus Supplement for MBS Certificate. The obligations of Fannie Mae under the MBS will be obligations solely of Fannie Mae, a federally chartered corporation, and will not be backed by the full faith and credit of the United States of America. The Series J Bonds are not and will not be a debt of the United States of America or any other agency or instrumentality of the United States of America or of Fannie Mae. The Series J Bonds are not and will not be guaranteed by the full faith and credit of Fannie Mae or the United States of America. See "APPENDIX A" hereto.

It is possible, in the event of the insolvency of Fannie Mae, or the occurrence of some other event precluding Fannie Mae from honoring its obligations to make payments as stated in the MBS, if issued, that the financial resources of the Borrower will be the only source of payment on the Series J Bonds. There can be no assurance that the financial resources of the Borrower will be sufficient to pay the principal of, premium if any, and interest on the Series J Bonds in the event the Trustee is forced to seek recourse against the Borrower.

### **Performance of the Project and Estimated Rental Revenue Vacancies**

The economic feasibility of the Project depends in large part upon the Project's being substantially occupied at rentals adequate to maintain substantial occupancy throughout the term of the Series J Bonds at sufficient rents and to cover all operating expenses of the Project and debt service on the Permanent Loan. Although representatives of the Borrower believe, based on surveys of the area where the Project is located, that a substantial number of persons currently need housing facilities such as the Project, occupancy of the Project may be affected by competition from existing housing facilities or from housing facilities which may be constructed in the area served by the Project. While the Borrower believes the Project is needed, there may be difficulties in keeping it substantially occupied. Furthermore, no assurance can be given that the low-income tenants are able to afford the rental rates of the Project, notwithstanding the below-market rental rates. Restrictions imposed under the Code on tenant income and the rent that can be charged could have an adverse effect on the Borrower's ability to satisfy its obligations under the Financing Agreement, especially if operating expenses increase.

### **Limited Liability of Issuer**

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE. NEITHER THE ISSUER, THE STATE OF CALIFORNIA (THE "STATE"), NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT

OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT, OR TAXING POWER 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.

THE OBLIGATIONS OF THE ISSUER ON THE BONDS ARE EXPRESSLY LIMITED TO AND ARE PAYABLE SOLELY FROM (I) THE PAYMENTS MADE BY THE BORROWER PURSUANT TO THE FINANCING AGREEMENT AND THE BOND LOAN NOTES, AND THE SECURITY THEREFOR PROVIDED BY THE MBS AND THE MORTGAGE AND ANY OTHER COLLATERAL SECURITY FROM TIME TO TIME HELD BY THE TRUSTEE, AND (II) ANY ADDITIONAL SECURITY PROVIDED IN THE INDENTURE.

### **Secondary Markets and Prices**

No representation is made concerning the existence of any secondary market for the Bonds. The Underwriter will not be obligated to repurchase any of the Bonds, nor can any assurance be given that any secondary market will develop following the completion of the offering of the Bonds. Further, there can be no assurance that the initial offering prices for the Bonds will continue for any period of time. Furthermore, the Bonds should be purchased for their projected returns only and not for any resale potential, which may or may not exist.

### **Taxability of the Bonds**

THE BONDS ARE NOT SUBJECT TO ACCELERATION OR REDEMPTION UPON ANY DETERMINATION OF TAXABILITY OF INTEREST ON THE BONDS. IN ADDITION, THE RATE OF INTEREST ON THE BONDS IS NOT SUBJECT TO ADJUSTMENT BY REASON OF THE INTEREST ON THE BONDS BEING INCLUDED IN GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION. Such event could occur if the Borrower (or any subsequent owner of the Project) or other parties to the transaction do not comply with the provisions of the Regulatory Agreement, certain other tax-related agreements executed in connection with the Bonds, and the Financing Agreement, or if the transaction is deemed not to comply with requirements of the Code in order for the interest on the Bonds to be excluded from gross income for federal income tax purposes. Under such circumstances, interest on the Bonds might become subject to federal income taxation retroactive to the date of issuance or some other subsequent date. See "APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT" and "TAX MATTERS" herein.

### **Future Legislation; IRS Audit**

The Project, its operation and the treatment of interest on the Bonds are subject to various laws, rules and regulations adopted by the local, State and federal governments and their agencies. There can be no assurance that relevant local, State or federal laws, rules and regulations may not be amended or modified or interpreted in the future in a manner that could adversely affect the Bonds, the trust estate created under the Indenture, the Project, or the financial condition of or ability of the Borrower to comply with its obligations under the various transaction documents or the Bonds offered hereby.

In recent years, the IRS has increased the frequency and scope of its examination and other enforcement activity regarding tax-exempt bonds. Currently, the primary penalty available to the IRS under the Code is a determination that interest on tax-exempt bonds is subject to federal income taxation possibly retroactively to the date of issuance of the Bonds. Such event could occur for a variety of

reasons, including, without limitation, failure to comply with certain requirements imposed by the Code relating to investment restrictions, periodic payments of arbitrage profits to the United States of America, the timely and proper use of Bond proceeds and the facilities financed therewith, and certain other matters. See “TAX MATTERS” herein and “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT” hereto.

## TAX MATTERS

*Legal matters incident to the authorization, validity and issuance of the Bonds are subject to the unqualified approving opinion of Norton Rose Fulbright US LLP., San Francisco, California,, and Curis Bartling P.C., Oakland, California, Co-Bond Counsel, whose opinion will be available at the time of delivery of the Bonds. It is anticipated that the approving opinion will be in substantially the form attached to this Official Statement as APPENDIX H.*

*[To come from Co-Bond Counsel.]*

## UNDERWRITING

RBC Capital Markets, LLC (the “Underwriter”) has agreed to purchase the Bonds from the Issuer at a price of \$84,840,000\* (100%) of the principal amount thereof. The Underwriter will be paid an aggregate fee of \$ \_\_\_\_\_ for underwriting the Bonds, inclusive of expenses, except for the fees and expenses of its counsel. The Bond Purchase Agreement provides that the obligation of the Underwriter to purchase the Bonds is subject to certain terms and conditions and the approval of certain legal matters by counsel.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage and asset management. In the ordinary course of business, the Underwriter and its affiliates may actively trade debt and if applicable equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps) and the Underwriter and its affiliates may engage in transactions for its own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the Issuer and/or Borrower. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Issuer and/or Borrower. The Underwriter does not make a market in credit default swaps with respect to municipal securities at this time but may do so in the future.

The initial public offering prices of the Bonds may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and certain dealer banks and banks acting as agents at prices lower than the public offering price stated on the inside cover of this Official Statement.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the underwriter does not guarantee the accuracy or completeness of such information.

In addition to serving as Underwriter, RBC Capital Markets, LLC will also serve as Remarketing Agent in the event the Series K Bonds are remarketed and will receive a fee for its services in connection with such remarketing, if any.

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\* Preliminary, subject to change.



## RATING

The Bonds have been assigned a rating of “\_\_\_” by S&P Global Ratings (“S&P,” and in its capacity as rating agency for the Bonds, the “Rating Agency”). The rating could be adversely affected by an adverse credit action related to the United States of America or, with respect to the Series J Bonds, Fannie Mae. No assurance can be given that the rating of the United States of America, Fannie Mae or the rating on the Bonds will continue for any given period of time or that they will not be revised downward, suspended or withdrawn entirely by S&P, if in the judgment of the Rating Agency circumstances so warrant. Any such downward revision or withdrawal of the rating of the United States of America may have an adverse effect on the market price of the Bonds.

The rating assigned to the Bonds described above reflects only the view of the Rating Agency, and an explanation of the significance of such rating may be obtained from the Rating Agency at 55 Water Street, 38<sup>th</sup> Floor, New York, New York 10041-0003.

The Issuer has not assumed any responsibility either to notify the owners of any proposed change in, suspension or withdrawal of such rating subsequent to the date of this Official Statement, and the Borrower has such responsibility only in connection with the reporting of events as provided in the Continuing Disclosure Agreement (hereafter defined). Neither of them has any responsibility to contest any such revision, suspension or withdrawal.

## CERTAIN LEGAL MATTERS

Norton Rose Fulbright US LLP and Curls Bartling P.C. whose legal services as Co-Bond Counsel have been retained by the Issuer, will opine on the date of issuance of the Bonds with regard to the exclusion from gross income of interest on the Bonds. See “TAX MATTERS” herein. The proposed text of the legal opinion is set forth in APPENDIX H. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery of the Bonds. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date.

In rendering its approving opinion, Bond Counsel will rely on certifications and representations of fact to be contained in the transcript of proceedings which Bond Counsel will not have independently verified.

Certain legal matters will be passed upon for the Borrower by its counsel, Gubb & Barshay, LLP, Oakland, California, for the Issuer by the City Attorney and Hawkins Delafield & Wood LLP, San Francisco, California, Disclosure Counsel, and for the Underwriter by its counsel, Norris George & Ostrow PLLC, Washington, DC.

Fees and expenses of certain of the above-mentioned counsel are contingent upon issuance of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering the legal opinion, the opinion giver does not become an insurer or guarantor of an expression of professional judgment of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## NO LITIGATION

### The Borrower

There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, public board or body for which service of process has been effected on the Borrower or, to the knowledge of the Borrower, threatened in writing against or affecting the Borrower, or to its knowledge, any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the existence of the Borrower, the Borrower's financial condition or operations, the transactions contemplated by this Official Statement, the exclusion of interest on the Bonds from the gross income, for federal income tax purposes, of the owners of the Bonds or the validity or enforceability of the Bonds, the Indenture, the Financing Agreement, the Bond Loan Notes, or any other agreement or instrument to which the Borrower is a party and which is used or contemplated for use in the transactions contemplated by this Official Statement.

### The Issuer

It is one of the several conditions to the Underwriter's obligation to accept the Bonds at closing that the Issuer deliver a certificate stating among other things that, to the best knowledge of the Issuer, there is no proceeding pending or threatened to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the issuance or sale thereof, the pledge or application of any money or securities provided for the payment of the Bonds or the existence or powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds or such pledge or application of money and securities.

## CONTINUING DISCLOSURE

The Issuer has determined that no financial or operating data concerning the Issuer is material to an evaluation of the offering of the Bonds or to any decision to purchase, hold or sell Bonds and the Issuer will not provide any such information. The Borrower has undertaken all responsibilities for any continuing disclosure to Owners of the Bonds as described below, and the Issuer shall have no liability to the Owners or any other person with respect to such disclosure. The Borrower will enter into a Continuing Disclosure Agreement dated as of December 1, 2019 (the "Continuing Disclosure Agreement") with the [Trustee], acting as the Dissemination Agent, obligating the Borrower to send, or cause to be sent, certain financial information with respect to the Project to the Municipal Securities Rulemaking Board annually and to provide notice, or cause notice to be provided, to the Municipal Securities Rulemaking Board, of certain enumerated events for the benefit of the beneficial owners and Holders of any of the Bonds, pursuant to the requirements of Section (b)(5)(i) of Securities Exchange Commission Rule 15c2-12 (the "Rule"). The Issuer will have no liability to the Holders of the Bonds or any other person with respect to the Rule. See "APPENDIX F - FORM OF CONTINUING DISCLOSURE AGREEMENT" hereto.

A failure by the Borrower to comply with the provisions of the Continuing Disclosure Agreement will not constitute a default under the Indenture or Financing Agreement (although Bondholders will have any available remedy at law or in equity for obtaining necessary disclosures). Nevertheless, such a failure to comply is required to be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds.

The Borrower is a new entity and has not previously entered into undertakings requiring continuing disclosure under the Rule.

### **ENFORCEABILITY OF REMEDIES**

The remedies available to the Trustee, the Issuer and the Owners of the Bonds upon an Event of Default under the Financing Agreement, the Regulatory Agreement or the Indenture are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, including specifically the Federal Bankruptcy Code, the remedies provided for under the Federal Bankruptcy Code, the Financing Agreement, the Regulatory Agreement or the Indenture may not be readily available or may be limited.

In addition, the Financing Agreement provides that the payment obligations of the Borrower contained therein (other than certain obligations to the Issuer and the Trustee) will be limited obligations payable solely from the income and assets of the Borrower, and that no member of the Borrower will have any personal liability for the satisfaction of any payment obligation of the Borrower under such agreements or of any claim against the Borrower arising out of such agreements or the Indenture.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State and the United States of America and bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

### **MUNICIPAL ADVISOR**

The Issuer has retained CSG Advisors Incorporated, San Francisco, California, as Municipal Advisor (the "Municipal Advisor") to the Issuer in connection with the preparation of the Issuer's plan of financing and with respect to the authorization and issuance of the Bonds. Although the Municipal Advisor assisted in the preparation of this Official Statement, the Municipal Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

### **MISCELLANEOUS**

The foregoing summaries and explanations do not purport to be comprehensive and are expressly made subject to the exact provisions of documents referred to herein. Any statements in this Official Statement involving matters of opinion or forecast, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Issuer and the Owners of any Bonds.

The Issuer has not approved any information in this Official Statement except information relating to the Issuer under the captions "THE ISSUER" and "NO LITIGATION - The Issuer" and takes no responsibility for any other information contained in this Official Statement.

[Signature Page to Official Statement – Eastern Park Apartments]

**EASTERN PARK APARTMENTS, L.P.,**  
a California limited partnership

By: Sequoia Living EPA LLC,  
a California limited liability company,  
its general partner

By: Sequoia Living, Inc.,  
a California nonprofit public benefit corporation,  
its sole member/manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**APPENDIX A**

**FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM**

APPENDIX A

FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM

[To be reviewed.]

*This summary of the Fannie Mae Mortgage-Backed Securities Program, the Fannie Mae Certificates and the documents referred to herein has not been provided or approved by Fannie Mae or the Issuer, does not purport to be comprehensive and is qualified in its entirety by reference to the Fannie Mae MBS Prospectus (Multifamily Fixed-Rate Yield Maintenance) for Guaranteed Mortgage Pass-Through Certificates (the "Fannie Mae MBS Prospectus") which will be available if and when the MBS is issued. The template for the Fannie Mae MBS Prospectus, as of the date of this Official Statement, can be found at <http://www.fanniemae.com/resources/file/mbs/pdf/fixed-rate-yield-maintenance-050119.pdf>. If the Fannie Mae MBS were issued on the date of this Official Statement, the Fannie Mae MBS Prospectus would consist of the template for Fannie Mae MBS Prospectus with the cover page completed with the MBS-specific information, an Additional Disclosure Addendum substantially in the form attached as Schedule I to this APPENDIX A, and an Annex A containing information substantially consistent with the Term Sheet attached hereto as APPENDIX G, assuming that the Permanent Loan is originated in the maximum amount of the Permanent Lender Commitment without any modification or amendment to any of the conditions to the origination of the Permanent Loan in the Permanent Lender Commitment. **THERE CAN BE NO ASSURANCE, GUARANTEE OR REPRESENTATION, HOWEVER, AS TO THE FORM OF THE FANNIE MAE MBS OR THE CONTENTS OF THE FANNIE MAE PROSPECTUS OR EVEN WHETHER OR NOT A PROSPECTUS OR ANY DISCLOSURE RELATING TO THE FANNIE MAE MBS WILL BE PROVIDED IF AND WHEN THE FANNIE MAE MBS IS ISSUED, WHICH COULD BE THIRTY (30) MONTHS OR MORE FROM THE DATE OF THIS OFFICIAL STATEMENT. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, THE ORIGINATION OF THE PERMANENT LOAN AND THE ISSUANCE OF THE FANNIE MAE MBS, ARE SUBJECT TO SIGNIFICANT CONDITIONS RELATING TO THE CONSTRUCTION, FINANCING AND LEASING OF THE PROJECT BY NO LATER THAN THE TERMINATION DATE.***

General..... Fannie Mae is a government-sponsored enterprise that was chartered by the U.S. Congress in 1938 under the name "Federal National Mortgage Association" to support liquidity and stability in the secondary mortgage market, where existing mortgage loans are purchased and sold.

Fannie Mae has been under conservatorship since September 6, 2008. The conservator, the Federal Housing Finance Agency, succeeded to all rights, titles, powers and privileges of Fannie Mae and of any shareholder, officer or director of the company with respect to the company and its assets. For additional information on the conservatorship, see "FANNIE MAE — Regulation and Conservatorship" in the Fannie Mae MBS Prospectus.

Fannie Mae's regulators include the Federal Housing Finance Agency, the U.S. Department of Housing and Urban Development ("HUD"), the Securities and Exchange Commission (the "SEC"), and the U.S. Department of the Treasury (the "Treasury"). The Office of Federal Housing Enterprise Oversight, the predecessor of the Federal Housing Finance Agency, was Fannie Mae's safety and soundness regulator prior to enactment of the Federal Housing Finance Regulatory Reform Act of 2008.

On September 7, 2008, Fannie Mae entered into a senior preferred stock purchase agreement with the Treasury pursuant to which Fannie Mae issued to it one million shares of senior preferred stock and a warrant to purchase, for a nominal price, shares of common stock equal to 79.9% of the outstanding common stock of Fannie Mae. **Nevertheless, Fannie Mae alone is responsible for making payments under its guaranty. The MBS if issued by Fannie Mae and acquired by the Trustee and payments of principal and interest on the MBS will not be guaranteed by the United States and do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae.**

Description of MBS ..... The MBS if issued by Fannie Mae and acquired by the Trustee will represent a pro rata undivided beneficial ownership interest in the Permanent Loan. See "THE PERMANENT LOAN AND THE MBS" in the Official Statement. Fannie Mae will issue the MBS in book-entry form on the book-entry system of the U.S. Federal Reserve Banks.

Relationship of Series J Bonds, MBS and Permanent Loan ..... The payment and other obligations of the Issuer with respect to the Series J Bonds are intended to be, and shall be, independent of the payment and other obligations of the issuer or maker of the Mortgage Note (as hereinafter defined) and the MBS, if issued by Fannie Mae and acquired by the Trustee, even though the principal amount of all three instruments is expected to be identical, except in the case of a default with respect to one or more of the instruments.

Distribution Date ..... The "Distribution Date" is the 25th day of each month which is the date designated for payments to the Trustee as holder of the MBS, if issued. If that day is not a Business Day, payments will be made on the next Business Day. The first Distribution Date for the MBS will occur in the month following the month in which the MBS is issued. For example, if the issue date is January 1<sup>st</sup>, the first distribution date is February 25<sup>th</sup> or, if February 25<sup>th</sup> is not a Business Day, the first Business Day following February 25<sup>th</sup>.

Interest..... On each Distribution Date, Fannie Mae will pass through on the MBS, if issued, one month's interest at the "Pass-Through Rate". Interest on the MBS shall be calculated on an "Actual/360" basis. "Actual/360" means a computation of interest accrual on the basis of a three hundred sixty (360) day year and the actual number of calendar days during the applicable month, calculated by multiplying the unpaid principal balance of the MBS by the Pass-Through Rate, dividing the product by three hundred sixty (360), and multiplying the quotient obtained by the actual number of days elapsed in the applicable month.

Because Fannie Mae's guaranty requires it to supplement amounts received by the trust as required to permit timely payment of interest, the amount of interest distributed to certificateholders on a Distribution Date will not be affected by any loss mitigation measure, taken with respect to, or other loan modification made to, the Permanent Loan while it remains in the trust.

As described under the caption "**MATERIAL FEDERAL INCOME TAX CONSEQUENCES**" which can be found at <http://www.fanniemae.com/resources/file/mbs/pdf/fixed-rate-yield-maintenance-050119.pdf>, the MBS and payments on the MBS, including interest payments thereon, are subject to federal income taxation. Such interest payments only become excludable from gross income for federal income tax purposes and excludable from taxation by the State, to the extent described elsewhere herein, when applied by the Trustee to pay interest due on the Series J Bonds. See "TAX MATTERS" in the Official Statement.

Principal ..... Fannie Mae will receive collections on the Permanent Loan on a monthly basis. The period Fannie Mae uses to differentiate between collections in one month and collections in another month is called the due period. The due period is the period from and including the second calendar day of the preceding month in which the Distribution Date occurs to and including the first calendar day of the month in which the Distribution Date occurs.

On each Distribution Date, Fannie Mae will pass through principal of the MBS, if issued, as follows:

- the aggregate amount of the scheduled principal due on the Permanent Loan in the pool during the related due period; and
- the aggregate amount of the unscheduled principal payments specified below:
  - the stated principal balance of the Permanent Loan as to which prepayment in full was received during the calendar month immediately preceding the month in which that Distribution Date occurs;



- the stated principal balance of the Permanent Loan if it was purchased from the pool during the calendar month immediately preceding the month in which that Distribution Date occurs; and
- the amount of any partial prepayments on the Permanent Loan that were received during the calendar month immediately preceding the month in which that Distribution Date occurs.

Because Fannie Mae's guaranty requires it to supplement amounts received by the trust as required to permit timely payment of the principal amounts specified above, the amount of principal distributed to certificateholders on a Distribution Date will **not** be affected by any loss mitigation measure taken with respect to, or other loan modification made to, the Permanent Loan while it remains in the trust.

Fannie Mae may treat a prepayment in full received on the first Business Day of a month as if the prepayment were received on the last Business Day of the preceding month. Fannie Mae passes through these prepayments on the Distribution Date in the same month in which the prepayment actually was received. For example, if a prepayment on the Permanent Loan in full is actually received on the first Business Day of September, it would be treated as if it had been received on the last Business Day of August and, therefore, would be passed through on September 25 (or the next Business Day, if September 25 is not a Business Day).

The Permanent Loan permits the reamortization of principal after a permitted voluntary prepayment or an involuntary prepayment caused by the receipt of proceeds from insurance or condemnation. A reamortization of the Permanent Loan will cause a change in the rate at which principal is passed through to holders of the MBS.

- Monthly Pool Factors..... On or about the fourth Business Day of each month, Fannie Mae publishes the monthly pool factor for each issuance of its certificates. If an investor multiplies the monthly pool factor by the original principal balance of the MBS, the investor will obtain the current principal balance of the MBS, after giving effect to the monthly principal payment to be passed through on the Distribution Date in that month. The most current related factor is generally available in Fannie Mae's PoolTalk application on Fannie Mae's website at <http://www.fanniemae.com> and can be accessed through DUS Disclose.
- Guaranty..... Fannie Mae guarantees to each trust that on each Distribution Date it will supplement amounts received by the trust as required to permit payments on the MBS in an amount equal to:

- the aggregate amounts of scheduled and unscheduled principal payments described in “—Principal” above; and
- an amount equal to one month’s interest on the MBS, as described in “—Interest” above.

In addition, Fannie Mae guarantees to the related trust that it will supplement amounts received by the trust as required to make the full and final payment of the unpaid principal balance of the related certificates on the Distribution Date in the month of the maturity date specified in the prospectus supplement. Fannie Mae’s guaranty runs directly to the trust and not directly to certificateholders. Certificateholders have limited rights to bring proceedings directly against Fannie Mae to enforce its guaranty. See “**THE TRUST DOCUMENTS—Certificateholders’ Rights Upon a Guarantor Event of Default**” in the Fannie Mae MBS Prospectus. While Fannie Mae is in the current conservatorship, the conservator does not have the right to repudiate Fannie Mae’s guaranty on the MBS. However, if Fannie Mae is placed into receivership, or if Fannie Mae emerges from conservatorship and is then again placed into conservatorship, the receiver or conservator, as applicable, may have the right to repudiate Fannie Mae’s guaranty on the MBS. See “**RISK FACTORS—RISKS RELATING TO CREDIT—Fannie Mae Credit Factors**” in the Fannie Mae MBS Prospectus.

Under certain circumstances, certificateholders have certain limited rights to bring proceedings against the Treasury if Fannie Mae fails to pay under its guaranty. The total amount that may be recovered from the Treasury is subject to limits imposed in the senior preferred stock purchase agreement. For a description of certificateholders’ rights to proceed against Fannie Mae and the Treasury, see “**FANNIE MAE—Certificateholders’ Rights Under the Senior Preferred Stock Purchase Agreement**” in the Fannie Mae MBS Prospectus.

Optional Prepayment

Premium .....

The Permanent Loan provides for payment of a prepayment premium on the Permanent Loan, based on a yield maintenance formula, if the Borrower elects to prepay the Permanent Loan prior to the [fifteenth (15<sup>th</sup>)] year after the MBS is issued. See “APPENDIX G – TERM SHEET” herein. As set forth in the form of MBS Prospectus Supplement, the Trustee, as holder of the MBS would receive a portion of that payment, as further described in the MBS Prospectus Supplement under “**Voluntary Prepayment of the Permanent Loan - Calculation of Total Yield Maintenance Prepayment Premiums.**” Any premium received by the Trustee may be passed through to certificateholders under the circumstances described in “**YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS – Maturity and Prepayment Considerations – Prepayment of a Mortgage Loan**” in the Fannie Mae MBS Prospectus. **Fannie Mae does not guarantee to any trust the payment of any prepayment premiums.**

- Business Day..... For the MBS, if issued, any day other than a Saturday or Sunday, a day when the fiscal agent or paying agent is closed, a day when the Federal Reserve Bank of New York is closed, or a day when the Federal Reserve Bank is closed in the district where the certificate account is maintained if the related withdrawal is being made from that certificate account.
  
- Trust Agreement..... If issued, the MBS will be issued pursuant to the 2017 Multifamily Master Trust Agreement effective as of December 1, 2017, as supplemented by a trust issue supplement for that issuance. Certain pertinent provisions of the trust agreement in the Fannie Mae MBS Prospectus will apply. The trust agreement may be found on Fannie Mae’s Web site: <http://www.fanniemae.com>
  
- Paying Agent..... An entity designated by Fannie Mae to perform the functions of a paying agent. The Federal Reserve Bank of New York currently serves as Fannie Mae’s paying agent for certificates such as the MBS.
  
- The Permanent Loan ..... The Permanent Loan backing the MBS is secured by a first mortgage lien, is in the original principal amount of the MBS; bears interest at a rate of \_\_\_% per annum; amortizes over a period and has a balloon maturity as set forth in the TERM SHEET attached hereto as “APPENDIX G.”

***REFERENCES TO WEBSITE ADDRESSES PRESENTED IN THIS APPENDIX ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER’S CONVENIENCE. SUCH WEBSITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS APPENDIX OR THE OFFICIAL STATEMENT FOR ANY PURPOSE.***

## SCHEDULE I

### FORM OF PROPOSED ADDITIONAL DISCLOSURE ADDENDUM

*[To be reviewed.]*

*The following information supplements the information in the Fannie Mae MBS Prospectus. In the event of any inconsistency between the information provided in this Addendum and the information in the Fannie Mae MBS Prospectus, the information in this Addendum shall prevail.*

The mortgaged property is subject to affordable housing regulatory agreements that impose income restrictions on tenants of the mortgaged property and is an Affordable Housing Loan. See “**The Mortgage Loans—Affordable Housing Loans**”; “**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Prepayments Relating to Specific Types of Mortgage Loans and Mortgaged Properties—The successful operation of a mortgaged property securing an affordable housing mortgage loan may depend upon additional factors**”; and “**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Prepayments Relating to Specific Types of Mortgage Loans and Mortgaged Properties—An affordable housing mortgage loan may be secured by a mortgaged property that has received an allocation of low-income housing tax credits but that fails to remain in compliance with the requirements for maintaining eligibility to receive the tax credits due to operations of the property or a casualty on the property**” in the Fannie Mae MBS Prospectus for additional information.

The MBS certificates will initially serve as collateral for a tax-exempt issue of multifamily housing Series J Bonds (the “Series J Bonds”) issued by the City and County of San Francisco, California (the “Issuer”) pursuant to and secured by an indenture of trust by and between the Issuer and [Trustee], as trustee, and will be held as collateral for the Series J Bonds. The mortgage loan documents provide that the mortgage loan is cross-defaulted with certain agreements relating to the Series J Bonds entered into at the time of the issuance of the Series J Bonds, including but not limited to the indenture authorizing the Series J Bonds and any housing regulatory agreements that limit rents, impose income restrictions or otherwise restrict the use of the property.

Because the mortgage loan documents provide that the mortgage loan is cross-defaulted with certain of the agreements relating to the Series J Bonds, a default under any of the cross-defaulted documents may trigger an event of default on the mortgage loan. If Fannie Mae accelerates the mortgage loan as a result of any event of default under the mortgage loan, the mortgage loan will be paid in full, and the stated principal balance of the certificates will be passed through to the holder of the certificates. In this case, no yield maintenance or other prepayment premiums will be payable to the holder of the certificates.

*[To be updated.]* [The mortgaged property is an affordable property that has a non-profit entity as the sole general partner and is expected to be classified as a “home for the aged” with at least seventy-five percent (75%) of the occupants of the mortgaged property over the age of 62 years or totally and permanently disabled and have incomes less than certain statutory limits, which limits are generally consistent with limits imposed under the low income housing tax credit program administered by FHFC. [As such, the mortgaged property is expected to benefit from an abatement of property taxes pursuant to Section 196.1975, Florida Statutes], that reduces property taxes on the property based on the number of units occupied by persons who satisfy such statutory requirements, and is expected to continue to benefit from an abatement of property taxes during the term of the mortgage loan so long as there is not a change in law and the mortgaged property continues to meet the requirements for receiving the benefits of the tax abatement. See “**THE MORTGAGE LOANS—Characteristics of Multifamily Properties—**

***Mortgage Loan Secured by Property Receiving Real Estate Tax Benefits***” and “**RISK FACTORS—RISKS RELATING TO YIELD AND PREPAYMENT—Prepayments Relating to Specific Types of Mortgage Loans and Mortgage Properties—***A mortgaged property may benefit from a state or local property tax exemption or tax abatement that requires the borrower and the property to maintain compliance with specific requirements. The failure to meet those requirements may be an event of default under the mortgage loan*” in the Fannie Mae MBS Prospectus for additional information.]

In addition to the matters described above, the eligible multifamily lender originating the mortgage loan may request the disclosure of additional matters relating to the mortgage loan or, upon delivery of the mortgage loan to Fannie Mae, in Fannie’s Mae’s discretion, it may determine that matters identified in the Term Sheet attached as APPENDIX G to the Official Statement or otherwise may need to be disclosed in the Additional Disclosure Addendum provided in connection with the issuance of the MBS certificates.

**APPENDIX B**  
**DEFINITIONS OF CERTAIN TERMS**

**APPENDIX C**

**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

**APPENDIX D**

**SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT**



**APPENDIX E**

**SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT**

## APPENDIX F

### FORM OF CONTINUING DISCLOSURE AGREEMENT

\$60,006,000\*  
City and County of San Francisco, California  
Multifamily Tax-Exempt Mortgage-Backed Bonds  
(M.TEBS) (Eastern Park Apartments)  
2019 Series J

\$24,834,000\*  
City and County of San Francisco, California  
Multifamily Housing Revenue Bonds  
(Eastern Park Apartments)  
2019 Series K

This Continuing Disclosure Agreement, dated as of \_\_\_\_\_ (the “Continuing Disclosure Agreement”), is executed and delivered by Eastern Park Apartments, L.P., a California limited partnership (the “Borrower”) and [Dissemination Agent], as dissemination agent (the “Dissemination Agent”) for the above-captioned Bonds. The Bonds are being issued pursuant to an Indenture of Trust, dated as of December 1, 2019 (the “Indenture”) between the City and County of San Francisco (the “Issuer”) and [Trustee], as trustee (the “Trustee”). Simultaneously with the issuance of the Bonds, there will be executed and delivered a Financing Agreement, dated as of the date of the Indenture (the “Financing Agreement”), by and among the Issuer, the Trustee and the Borrower, pursuant to which the Issuer will loan the proceeds of the Bonds to the Borrower for the purpose of financing a portion of the costs of the acquisition and rehabilitation of a 202-unit multifamily rental housing project known as Eastern Park Apartments and located in the City and County of San Francisco, California (the “Project”). Pursuant to the Indenture and the Financing Agreement, the Dissemination Agent and the Borrower covenant and agree as follows:

**Section 1. Purpose of the Continuing Disclosure Agreement.** This Continuing Disclosure Agreement is being executed and delivered by the Borrower and the Dissemination Agent for the benefit of the Bondholders and in order to assist the Underwriter in complying with the Rule (defined below). The Borrower and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Continuing Disclosure Agreement, and has no liability to any Person, including any holder of the Bonds or Beneficial Owner, with respect to any such reports, notices or disclosures.

**Section 2. Definitions.** In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Continuing Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Continuing Disclosure Agreement.

“Audited Financial Statements” means, in the case of the Borrower, the annual audited financial statements of the Borrower prepared in accordance with generally accepted accounting principles, if any.

“Beneficial Owner” shall mean any Person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including Persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

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\* Preliminary, subject to change.

“Disclosure Representative” shall mean, with respect to the Borrower, the administrator of the Project or his or her designee, or such other Person as the Borrower shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean U.S. Bank National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower and which has filed with the Trustee a written acceptance of such designation.

“Financial Obligation” shall mean any (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Continuing Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934. All documents provided to the MSRB shall be in an electronic format and accompanied by identifying information, as prescribed by the MSRB. Initially, all document submissions to the MSRB pursuant to this Continuing Disclosure Agreement shall use the MSRB’s Electronic Municipal Market Access (EMMA) system at [www.emma.msrb.org](http://www.emma.msrb.org).

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Underwriter” means RBC Capital Markets, LLC, and its successors and assigns.

**Section 3. Provision of Annual Reports.** (a) The Borrower will, or will cause the Dissemination Agent to, not later than 180 days following the end of the Borrower’s fiscal year, commencing with the fiscal year ending on \_\_\_\_\_ 2019, provide to the MSRB an Annual Report which is consistent with the requirements described below. No later than 15 Business Days prior to said date, the Borrower will provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package and may cross reference other information, provided that the audited financial statements for the prior calendar year of the Borrower may be submitted separately from the balance of its Annual Report.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing an Annual Report to the MSRB, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent will contact the Disclosure Representative to determine if the Borrower is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent will send a notice to the MSRB in substantially the form attached as Exhibit B to this Continuing Disclosure Agreement.

(d) The Dissemination Agent will file a report with the Borrower and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Continuing Disclosure Agreement, stating the date it was provided.

**Section 4. Content of Annual Reports.** The Borrower's Annual Report will contain or incorporate by reference the financial information or operating data with respect to the Project, provided at least annually, of the type included in Exhibit \_\_ hereto, which Annual Report may, but is not required to, include Audited Financial Statements. If the Borrower's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report will contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements will be filed in the same manner as the Annual Report when they become available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Borrower is an "Obligated Person" (as defined by the Rule), which have been filed with the MSRB. The Borrower will clearly identify each such other document so incorporated by reference.

**Section 5. Reporting of Listed Events.** (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events (each, a "Listed Event"):

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulty;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulty;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Tax-Exempt Bonds;
- (vii) Modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Borrower. For purposes of this clause (xii), any such event shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental

authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower;

(xiii) The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or paying agent or the change of the name of a trustee or paying agent, if material;

(xv) Incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

(b) The Borrower shall, within seven (7) Business Days of the occurrence of any of the Listed Events, provide to the Dissemination Agent a written notice describing the Listed Event and written direction to the Dissemination Agent to file the Borrower's notice describing the Listed Event pursuant to subsection (c) of this Section 5. In determining the materiality of any of the Listed Events specified in clauses (ii), (vi), (vii), (viii), (x), (xiii), or (xiv) of subsection (a) of this Section 5, the Borrower may, but shall not be required to, rely conclusively on an Opinion of Counsel. The Dissemination Agent shall have no obligation under this Continuing Disclosure Agreement to determine the materiality of any of the Listed Events specified in subsection (a) of this Section 5, which obligation shall rest solely with the Borrower, or to monitor the Borrower's obligation to provide notification of the occurrence of any such Listed Events.

(c) If the Dissemination Agent has been instructed by the Borrower to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB within three (3) Business Days of the receipt of such instruction, but in no event later than ten (10) Business Days after the occurrence of a Listed Event, with a copy of such notice provided by the Dissemination Agent to the Borrower, the Issuer and the Trustee. In addition, notice of Listed Events described in subsections (a)(viii) and (ix) of this Section 5 shall be given by the Dissemination Agent under this subsection simultaneously with the giving of the notice of the underlying event to the Bondholders of the affected Bonds pursuant to the Indenture.

**Section 6. Amendment; Waiver.** Notwithstanding any other provision of this Continuing Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Continuing Disclosure Agreement (and the Dissemination Agent will agree to any amendment so requested by the Borrower unless such amendment adversely affects the Dissemination Agent's rights, duties, protections, immunities, indemnities or standard of care, as determined by the Dissemination Agent) and any provision of this Continuing Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions described under paragraph (a) under "Provision of Annual Reports," "Contents of Annual Reports" or paragraph (a) under "Reporting of Listed Events," it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of an Obligated Person with respect to the Bonds or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Bondholders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Bondholders or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the Borrower will describe such amendment in the next Annual Report and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Borrower. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change will be given in the same manner as for a Listed Event under Section 5(f) hereof and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 7. Default.** In the event of a failure of the Borrower or the Dissemination Agent to comply with any provision of this Continuing Disclosure Agreement, the Dissemination Agent may (and, at the request of the Underwriter or the Bondholders of at least 25% aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction, will), or the Borrower or any Holder or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking, or specific performance by court order, to cause the Borrower or the Dissemination Agent, as the case may be, to comply with its obligations under this Continuing Disclosure Agreement. A default under this Continuing Disclosure Agreement will not be deemed an Event of Default under the Indenture or the Financing Agreement, and the sole remedy under this Continuing Disclosure Agreement in the event of any failure of the Borrower or the Dissemination Agent to comply with this Continuing Disclosure Agreement will be an action to compel performance.

**Section 8. Beneficiaries.** This Continuing Disclosure Agreement will inure solely to the benefit of the Borrower, the Trustee, the Dissemination Agent, the Underwriter and Bondholders from time to time of the Bonds and will create no rights in any other Person or entity.

**Section 9. Additional Information.** Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Borrower chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Continuing Disclosure Agreement, the Borrower shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**Section 10. Duties, Immunities and Liabilities of Dissemination Agent.** Article VIII of the Indenture is hereby made applicable to this Continuing Disclosure Agreement as if this Continuing Disclosure Agreement were (solely for this purpose) contained in the Indenture and the Dissemination Agent shall be entitled to the same protections, limitations from liability and indemnities afforded the

Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement, and the Borrower agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their rights, obligations, powers and duties hereunder, including the costs and expenses (including reasonable attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Borrower under this Section shall survive the termination of this Continuing Disclosure Agreement, the resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Borrower, the Bondholders, or any other party. The Dissemination Agent shall have no liability to the Bondholders or any other party for any monetary damages or financial liability of any kind whatsoever related to or arising from the breach of this Continuing Disclosure Agreement.

The Dissemination Agent agrees to disseminate the information provided to it hereunder in the form delivered by the Borrower. The Dissemination Agent is acting hereunder solely in an agency capacity and as such is merely a conduit for the Borrower, and shall have no liability or responsibility for the form, content, accuracy or completeness of any information furnished hereunder. Any such information may contain a legend to that effect.

The Dissemination Agent shall have no obligation to make disclosure concerning the Bonds, the Project or any other matter except as expressly set out herein, provided that no provision of this Continuing Disclosure Agreement shall limit the duties, trusts, rights, powers or obligations of the Trustee under the Indenture. The fact that the Trustee has or may have any banking, fiduciary or other relationship with the Borrower or any other party in connection with the Project or otherwise, apart from the relationship created by the Indenture and this Continuing Disclosure Agreement, shall not be construed to mean that the Trustee has knowledge or notice of any event or condition relating to the Bonds or the Project except in its respective capacities under such agreements.

No provision of this Continuing Disclosure Agreement shall require or be construed to require the Borrower or the Dissemination Agent to interpret or provide an opinion concerning any information disclosed hereunder.

The Annual Report may contain such disclaimer language as the Borrower may deem appropriate. Any information disclosed hereunder by the Dissemination Agent may contain such disclaimer language as the Dissemination Agent may deem appropriate.

The Borrower hereby agrees to compensate the Dissemination Agent for the services provided and the expenses incurred pursuant to this Continuing Disclosure Agreement, in an amount to be agreed upon from time to time hereunder, and to reimburse the Dissemination Agent upon its request for all reasonable expenses, disbursements and advances incurred by the Dissemination Agent hereunder (including any reasonable compensation and expenses of counsel) except any such expense, disbursement or advance that may be attributable to its negligence or willful misconduct.

The Dissemination Agent may consult with counsel of its choice and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon, it being understood that for purposes of this provision, that such counsel may be counsel to the Borrower.

No provision of this Continuing Disclosure Agreement shall require the Dissemination 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 of powers.

**Section 11. Notices.** Any notices or communications to or among any of the parties to this Continuing Disclosure Agreement may be given at the addresses set forth in the Indenture. Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices of communications should be sent, effective only upon receipt.

**Section 12. Governing Law.** This Continuing Disclosure Agreement shall be governed by the laws of the State of California.

**Section 13. Termination of this Continuing Disclosure Agreement.** This Continuing Disclosure Agreement may be terminated by any party to this Continuing Disclosure Agreement upon thirty days' written notice of termination delivered to the other party or parties to this Continuing Disclosure Agreement; provided the termination of this Continuing Disclosure Agreement is not effective until (i) the Borrower, or its successor, enters into a new continuing disclosure agreement with a dissemination agent who agrees to continue to provide, to the MSRB and the Beneficial Owners of the Bonds, all information required to be communicated pursuant to the rules promulgated by the Securities and Exchange Commission or the MSRB, (ii) a nationally recognized bond counsel or counsel expert in federal securities laws provides an opinion that the new continuing disclosure agreement is in compliance with all applicable state and federal securities laws, and (iii) notice of the termination of this Continuing Disclosure Agreement is provided to the MSRB.

The Dissemination Agent shall be fully discharged at the time any such termination is effective. Also, this Continuing Disclosure Agreement shall terminate automatically upon payment or provisions for payment of the Bonds. This Continuing Disclosure Agreement shall terminate when all of the Bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at final maturity.

**Section 14. Counterparts.** This Continuing Disclosure 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.



**EASTERN PARK APARTMENTS, L.P.,**  
a California limited partnership

By: Sequoia Living EPA LLC,  
a California limited liability company,  
its general partner

By: Sequoia Living, Inc.,  
a California nonprofit public benefit corporation,  
its sole member/manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Dissemination Agent],  
as Dissemination Agent

By: \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

**APPENDIX G**

**TERM SHEET**

**TERM SHEET\***

*This Term Sheet assumes the Mortgage Loan is originated in an amount equal to the maximum amount available under the Lender Commitment and that all the Conditions to Conversion have been satisfied and have not been waived or modified. See "Multifamily Schedule of Loan Information" herein.*

<p><b>\$60,006,000*</b></p> <p><b>CLOSING DATE _____, 2019</b></p> <p><b>Multifamily Tax-Exempt Mortgage-Backed Bonds</b></p> <p><b>(M.TEBS) (Eastern Park Apartments)</b></p> <p><b>2019 SERIES J</b></p> <p><b>FANNIE MAE MULTIFAMILY POOL NUMBER: _____</b></p> <p><b>BOND CUSIP: _____</b></p> <p><b>POOL STATISTICS (AS OF CLOSING DATE)</b></p>	
<p><b>POTENTIAL UNDERLYING FANNIE MAE POOL STATISTICS ASSUMING THE ORIGINATION OF THE ENTIRE MORTGAGE LOAN AMOUNT SUBJECT TO THE LENDER COMMITMENT AND NO WAIVER OR MODIFICATION OF ANY CONDITION TO THE ORIGINATION OF THE MORTGAGE LOAN IN THE LENDER COMMITMENT ON OR PRIOR TO THE TERMINATION DATE</b></p> <p><i>(Information provided by Lender for this Official Statement)</i></p>	
TRANSACTION ID	[ ]
CUSIP	[ ]
SETTLEMENT DATE	[_____, 20__], estimated, assuming a Conversion Date on or about [_____, 20__]
ISSUE DATE	[_____, 20__], estimated, assuming a Conversion Date on or about [_____, 20__]
MBS FIRST PAYMENT DATE	25 <sup>th</sup> day of the month following the month of issue, or the next Business Day if such date is not a Business Day
MATURITY DATE	[July 1, 2039]
NUMBER OF LOANS	1
ISSUANCE UPB (\$)¹	\$60,006,000
WEIGHTED AVERAGE ISSUANCE UPB (\$)	\$60,006,000
WEIGHTED AVERAGE ORIGINAL LOAN TERM (MONTHS)	[ ]
WEIGHTED AVERAGE AMORTIZATION TERM (MONTHS)	[ ]
WEIGHTED AVERAGE REMAINING TERM TO MATURITY (MONTHS)	[ ]
WEIGHTED AVERAGE ACCRUING NOTE RATE (%)	__%
WEIGHTED AVERAGE PASS-THROUGH	__%

\* Preliminary, subject to change.

¹ Fannie Mae pool balance and issuance UPB will be determined at conversion and may be less than M-TEBS par value. If pool amount is less than M-TEBS amount, there will be a mandatory redemption of M-TEBS to match Fannie Mae pool par amount.

RATE (%)	
WEIGHTED AVERAGE ISSUANCE LTV (%)	[ ]%
WEIGHTED AVERAGE UW NCF DSCR (x) <sup>2</sup>	[ ]x
<b>POTENTIAL UNDERLYING FANNIE MAE POOL STATISTICS ASSUMING THE ORIGINATION OF THE ENTIRE MORTGAGE LOAN AMOUNT SUBJECT TO THE LENDER COMMITMENT AND NO WAIVER OR MODIFICATION OF ANY CONDITION TO THE ORIGINATION OF THE MORTGAGE LOAN IN THE LENDER COMMITMENT ON OR PRIOR TO THE TERMINATION DATE.</b> <i>(Information provided by Lender for this Official Statement)</i>	
LOAN NUMBER	[ ]
PERCENT OF INITIAL POOL BALANCE (%)	[ ]%
ORIGINAL UPB (\$)	\$60,006,000
LOAN ISSUANCE UPB (\$) <sup>3</sup>	\$60,006,000
LOAN ISSUANCE UPB / UNIT (\$)	[\$ ]
LOAN SELLER	Bellwether Enterprise Real Estate Capital, LLC
LOAN SERVICER	Bellwether Enterprise Real Estate Capital, LLC
ISSUANCE NOTE RATE (%)	_%
PASS-THROUGH RATE (%)	_%
INTEREST TYPE	[Fixed]
INTEREST ACCRUAL METHOD	[A/360]
ORIGINAL LOAN TERM (MONTHS)	[Not Less Than 180]
REMAINING LOAN TERM (MONTHS)	[Not Less Than 180]
ORIGINAL INTEREST ONLY PERIOD	From the Conversion Date to [ ] 1, 20 [ ]
INTEREST ONLY END DATE	[ ] 1, 20 [ ]
AMORTIZATION TYPE	[IO, then amortizing]
ORIGINAL AMORTIZATION TERM (MONTHS)	[420]
REMAINING AMORTIZATION TERM (MONTHS)	[420]
PREPAYMENT PROVISION <sup>4</sup>	Yield Maintenance until [ ], 20 [ ], then 1% until [ ], 20 [ ], then open
PREPAYMENT PROVISION END DATE	[ ], 20 [ ] (YM); [ ], 20 [ ] (1%)
MONTHLY DEBT SERVICE (\$)	\$ [ ]
MONTHLY DEBT SERVICE AMOUNT – PARTIAL IO (\$)	\$ [ ]
NOTE DATE	[ ], 20 [ ], assuming a Conversion Date of [ ], 20 [ ]
FIRST PAYMENT DATE	[First of the month following the Conversion Date]

2 This is based on current underwriting projections and the appraisal as of [ ], 20 [ ], assuming the property is built according to plans.

3 Fannie Mae pool balance and issuance UPB will be determined at conversion and may be less than M.TEBS par value. If pool amount is less than M.TEBS amount, there will be a mandatory redemption of M.TEBS to match Fannie Mae pool par amount.

4 Only the portion of this prepayment premium attributable to yield maintenance, if collected, may be shared with certificateholders under the circumstances described in “YIELD, MATURITY AND PREPAYMENT CONSIDERATIONS—Maturity and Prepayment Considerations—Prepayment of a Mortgage Loan—Prepayment Premiums” in the Fannie Mae MBS Prospectus.

MATURITY DATE	[July 1, 2039]
LOAN PURPOSE	[Unfunded Forward Commitment]
LIEN POSITION	[1]
TIER	[2]
TIER DROP ELIGIBLE (Y/N)	[Y/N]
TOTAL DEBT CURRENT UPB (\$)	\$60,006,000
<b>MULTIFAMILY SCHEDULE OF LOAN INFORMATION</b>	
<b>COLLATERAL INFORMATION</b> <i>(Information provided by Lender for this Official Statement)</i>	
PROPERTY ID	[ ]
PROPERTY NAME	Eastern Park Apartments
PROPERTY ADDRESS	711 Eddy Street
PROPERTY CITY	San Francisco
PROPERTY STATE	California
PROPERTY ZIP CODE	94109
PROPERTY COUNTY	City and County of San Francisco
METROPOLITAN STATISTICAL AREA	San Francisco – Oakland – Berkeley, CA
GENERAL PROPERTY TYPE	[Multifamily Apartments]
SPECIFIC PROPERTY TYPE	[Affordable Age-Restricted 62+]
PHASE YEAR / UNITS	[N/A]
TOTAL UNITS	202
UNIT OF MEASURE	[N/A]
PHYSICAL OCCUPANCY (%)	[N/A – New Construction]
PHYSICAL OCCUPANCY AS-OF-DATE	[N/A – New Construction]
OWNERSHIP INTEREST	[First Mortgage]
PROPERTY VALUE (\$)	[TBD – As Stabilized Value]
PROPERTY VALUE AS-OF-DATE	[TBD]
ISSUANCE LTV (%)	[ ]%
ALL-IN ISSUANCE LTV (%)	[ ]%
UW NCF DSCR (x) <sup>5</sup>	[ ]x
UW NCF DSCR (I/O)(x) <sup>5</sup>	[ ]x
UW NCF DSCR ALL-IN (x)	[ ]x
UW NCF DEBT YIELD (%)	[ ]%
UW ECONOMIC OCCUPANCY (%)	[ ]%
UW EFFECTIVE GROSS INCOME (\$)	[\$ [ ]]
UW TOTAL OPERATING EXPENSE (\$)	[\$ [ ]]
UW REPLACEMENT RESERVES (\$)	[\$ [ ]]
UW NCF (\$) <sup>5</sup>	[\$ [ ]]
CROSS COLLATERALIZED (Y/N)	[Y/N]

<sup>5</sup> This is based on current underwriting projections and the appraisal as of [ ], 20 [ ], assuming the property is built according to plans.

CROSS DEFAULTED (Y/N)	[Y/N]
CROSSED TRANSACTION ID & LOAN NUMBER	[ ]
TERRORISM INSURANCE (Y/N)	[Y/N]
TAX ESCROW (Y/N)	[Y/N]
AFFORDABLE HOUSING TYPE	[LIHTC]
% OF UNITS AT OR BELOW 50% AREA MEDIAN INCOME	[ ]%
% OF UNITS AT OR BELOW 60% AREA MEDIAN INCOME	[ ]%
% OF UNITS AT OR BELOW 80% AREA MEDIAN INCOME	[ ]%
% OF UNITS WITH INCOME OR RENT RESTRICTIONS	[ ]%
AGE RESTRICTED (Y/N)	[Y/N]
HAP REMAINING TERM (MONTHS)	[ ]
GREEN FINANCING TYPE	[ ]
GREEN BUILDING CERTIFICATION	[ ]
SOURCE ENERGY USE INTENSITY	[ ]
SOURCE ENERGY USE INTENSITY DATE	[ ]
ENERGY STAR® SCORE	[ ]
ENERGY STAR® SCORE DATE	[ ]
<b>MULTIFAMILY SCHEDULE OF LOAN INFORMATION</b>	
<b>CRA INFORMATION</b>	
<i>(Information provided by Borrower for this Official Statement)</i>	
UNITS AT OR BELOW 50% OF MEDIAN INCOME	[ ]% ([ ] units)
UNITS AT OR BELOW 60% OF MEDIAN INCOME	[ ]% ([ ] units)
UNITS WITH INCOME OR RENT RESTRICTION %	[ ]% ([ ] units)
AGE RESTRICTED INDICATOR	[Y/N]
TAX ABATEMENT	[Y/N]
TAX CREDIT INVESTOR	[ ], a [ ]
REGULATORY AGREEMENTS OVERSEER	[ ]
REGULATORY AGREEMENT SET-ASIDES	[ ]

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**APPENDIX H**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**

**INDENTURE OF TRUST**

Between

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

and

**[TRUSTEE],**  
as Trustee

Dated as of December 1, 2019

Securing

\$60,006,000  
City and County of San Francisco, California  
Multifamily Tax-Exempt Mortgage-Backed Bonds  
(M. TEBS) (Eastern Park Apartments)  
2019 SERIES J

\$24,834,000  
City and County of San Francisco, California  
Multifamily Housing Revenue Bonds  
(Eastern Park Apartments)  
2019 SERIES K

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## INDENTURE OF TRUST

This INDENTURE OF TRUST, is made and entered into as of December 1, 2019, by and between the **CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA** (together with its successors and assigns, the “Issuer”), a municipal corporation and chartered city and county duly organized and validly existing under its City Charter and the Constitution and the laws of the State of California, and [TRUSTEE], a national banking association, duly organized and existing under the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, including such entity’s successors or any other corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee hereunder (the “Trustee”);

### WITNESSETH:

*Certain of the capitalized terms and words used in these Recitals, and in the following Granting Clauses and Agreements, are defined in Section 1.01 of this Indenture.*

WHEREAS, pursuant to Section 9.107 of the Charter of the Issuer, and Article 1 of Chapter 43 of the Administrative Code of the City and County of San Francisco Municipal Code and, to the extent applicable, Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (collectively, the “Act”), the Issuer is authorized to issue one or more series of its revenue bonds and to lend the proceeds thereof to finance the construction, rehabilitation and equipping of residential rental housing facilities to provide housing for persons of low and very low income; and

WHEREAS, in order to provide the funds necessary for the acquisition, rehabilitation and equipping of the Project, the Issuer has, pursuant to the Act, authorized the issuance of its Multifamily Tax-Exempt Mortgage-Backed Bonds (M. TEBS) (Eastern Park Apartments), 2019 Series J in the principal amount of \$60,006,000 (the “Series J Bonds”) and its Multifamily Housing Revenue Bonds (Eastern Park Apartments), 2019 Series K, in the aggregate principal amount of \$24,834,000 (the “Series K Bonds,” and together with the Series J Bonds, individually or collectively as context may dictate, the “Bonds”); and

WHEREAS, the provision of the Bond Loans (as hereinafter defined), are authorized by the Act and will accomplish a valid public purpose of the Issuer, and the Issuer has determined that it is in the public interest to issue the Bonds for the purpose of providing funding necessary for the Project; and

WHEREAS, pursuant to the Financing Agreement dated as of the date hereof (the “Financing Agreement”) among the Issuer, the Trustee and Eastern Park Apartments, LP (the “Borrower”), the Issuer will use the proceeds of the Bonds to make two loans to the Borrower, each evidenced by a promissory note (collectively, the “Bond Loan Notes”), to finance the acquisition, rehabilitation and equipping of the Project; and

WHEREAS, to assist in the financing of the Project, the Borrower will cause Eligible Funds (as hereinafter defined) to be periodically delivered to the Trustee for deposit into the Collateral Fund (as hereinafter defined) as security for (i) the Series J Bonds prior to the MBS

Delivery Date (as hereinafter defined) and (ii) the Series K Bonds prior to the Initial Mandatory Tender Date (as hereinafter defined); and

WHEREAS, pursuant to the Financing Agreement, the Borrower has agreed, among other things, to (a) make payments on the Bond Loan Notes, (b) make payments on the Mortgage Note (as hereinafter defined), and (c) pay all required fees associated with the Bonds and the Permanent Loan (as hereinafter defined); and

WHEREAS, to assist in financing the Project, at the direction of the Borrower, amounts on deposit in the Collateral Fund and, to the extent amounts in the Collateral Fund are insufficient, amounts in the Bond Proceeds Fund, will be used on the MBS Delivery Date to acquire the MBS (as hereinafter defined), which will be backed by a mortgage loan (the "Permanent Loan") from Bellwether Enterprise Real Estate Capital, LLC (the "Permanent Lender") to the Borrower as evidenced by a multifamily note (the "Mortgage Note"); and

WHEREAS, the MBS is to be held in trust by the Trustee and pledged under the terms of this Indenture to secure payment of the Series J Bonds; and

WHEREAS, the Issuer has authorized the execution of this Indenture in order to secure the payment of the principal of, premium, if any, and interest on the Bonds and the observance of the covenants and conditions herein contained; and

WHEREAS, the Issuer has determined that all things necessary to make the Bonds, when executed and delivered by the Issuer and authenticated by the Trustee and issued as provided in this Indenture, the valid, binding and legal obligations of the Issuer according to the import thereof, and to constitute this Indenture a valid assignment and pledge of the Trust Estate (as hereinafter defined) and other amounts pledged to the payment of the principal of, premium, if any, and interest on the Bonds and a valid and binding agreement for the uses and purposes herein set forth, have been duly taken, and the creation, execution and delivery of this Indenture and the creation, execution and delivery of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

The Issuer, in order to secure the payment of the principal of, the premium, if any, and the interest on all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, does hereby grant, bargain, sell, warrant, convey, confirm, assign, transfer in trust, grant a security interest in, pledge and set over unto the Trustee, the property of the Issuer, real and personal, hereinafter described, for the benefit of the Bondholders, subject only to the provisions hereof permitting the application thereof for or to the purposes and on the terms and conditions set forth herein (said property being herein sometimes referred to as the "Trust Estate"):

## GRANTING CLAUSES

### I.

All right, title and interest of the Issuer in and to the Series J Bond Loan Note and Series K Bond Loan Note (each, other than the Reserved Rights of the Issuer) including all payments and proceeds with respect thereto or replacement thereof;

### II.

All right, title and interest of the Issuer in and to amounts on deposit in the Bond Proceeds Fund to be funded at closing in an amount equal to the principal amount of the Bonds;

### III.

All amounts on deposit in the Collateral Fund and the Revenue Fund;

### IV.

Solely with respect to the Series J Bonds, the MBS, if issued by Fannie Mae and acquired by the Trustee, and all MBS Revenues;

### V.

All right, title and interest of the Issuer now owned or hereafter acquired in, to and under the Financing Agreement and the Regulatory Agreement, except Reserved Rights, as hereinafter defined; and

### VI.

All other property which by the express provisions of this Indenture is required to be subject to the lien hereof, and any additional property that, from time to time, by delivery or by writing of any kind, may be subjected to the lien hereof, by the Issuer or by anyone on its behalf, and the Trustee is hereby authorized to receive the same at any time as additional security hereunder; *provided, however*, that the Trust Estate shall not include amounts on deposit in the Rebate Fund, the Costs of Issuance Fund, [the Borrower Equity Fund] and the Administration Fund;

TO HAVE AND TO HOLD all and singular with all privileges and appurtenances hereby given, granted, bargained, sold, conveyed, assigned, pledged, mortgaged and transferred or agreed or intended so to be, whether now owned or hereafter acquired, including any and all additional property that by virtue of any provision hereof or of any indenture supplemental hereto shall hereafter become subject to this Indenture and to the trusts hereby created, unto the Trustee and its successors in trust and assigns forever;

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of the registered owners from time to time of any of the Bonds authenticated and delivered under this Indenture and issued by the Issuer and

Outstanding, without preference, priority or distinction as to lien, or otherwise of any one Bond over any other Bond by reason of priority in the issue, sale or negotiation thereof, or of any other cause, and for the benefit of Fannie Mae as herein provided;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of, premium, if any, and interest on the Bonds due or to become due thereon, at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay, cause to be paid or make provision for payment to the Trustee of all sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payment this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture shall remain in full force and effect;

AND IT IS HEREBY COVENANTED that all of the Bonds shall be issued, authenticated and delivered, and that the Trust Estate shall be held by the Trustee, subject to the further covenants, conditions, uses and trusts hereinafter set forth, and the Issuer agrees and covenants with the Trustee and with the registered owners from time to time of the Bonds, as follows:

## ARTICLE I

### DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Indenture and of any indenture supplemental hereto, have the following meanings:

“Act” has the meaning given to such term in the Recitals hereto.

“Actual/360” means a computation of interest accrual on the basis of a three hundred sixty (360) day year and the actual number of calendar days during the applicable month, calculated by multiplying the unpaid principal balance of the Bonds by the Pass-Through Rate, dividing the product by three hundred sixty (360), and multiplying the quotient obtained by the actual number of days elapsed in the applicable month.

“Administration Fund” means the Fund created and so designated in Section 5.02 hereof.

“Attesting Officer” means such officer or official of the Issuer who in accordance with the Resolution, is authorized to certify official acts and records of the Issuer.

“Authorized Borrower Representative” means any person who, at any time and from time to time, is designated as the Borrower’s authorized representative by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by or on behalf of any authorized general partner of the Borrower if the Borrower is a general or limited partnership, by any authorized general partner of the Borrower if



the Borrower is a limited liability company, or by any authorized officer of the Borrower if the Borrower is a corporation, which certificate may designate an alternate or alternates. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Borrower Representative is an Authorized Borrower Representative until such time as the Borrower files with it (with a copy to the Issuer) a written certificate revoking such person's authority to act in such capacity. The initial Authorized Borrower Representative is \_\_\_\_\_.

“Authorized Denomination” means (a) with respect to the Series J Bonds, \$1,000 or any integral multiple of \$1.00 in excess thereof, and (b) with respect to the Series K Bonds, \$5,000, or any integral multiple of \$5,000 in excess thereof.

“Authorized Officer” means the Mayor of the City or the Director or the Housing Development Director of the Mayor's Office of Housing and Community Development, or any person or persons designated to act on behalf of the Issuer by a certificate filed with the Borrower and the Trustee containing the specimen signatures of such person or persons and signed on behalf of the Issuer by the Mayor of the City or the Director or the Housing Development Director of the Mayor's Office of Housing and Community Development.

“Bankruptcy Code” means the Federal Bankruptcy Code, Title 11 of the United States Code, as amended and supplemented from time to time.

“Beneficial Owner” means the purchaser of a beneficial interest in the Bonds.

“Bond” or “Bonds” means, individually or collectively as context may dictate, the Series J Bonds and the Series K Bonds.

“Bond Counsel” means (i) Norton Rose Fulbright US LLP, (ii) Curls Bartling P.C., or (iii) any attorney or other firm of attorneys of nationally recognized standing in the field of municipal finance law whose opinions are generally accepted by purchasers of tax-exempt obligations and who is acceptable to the Issuer.

“Bond Dated Date” means the Closing Date.

“Bond Loans” means the loan of the proceeds of the Bonds to the Borrower in accordance with the Financing Agreement and the Bond Loan Notes prior to the Conversion Date, and after the Conversion Date, the Permanent Loan and the MBS.

“Bond Loan Notes” means, collectively, the Series J Bond Loan Note and the Series K Bond Loan Note.

“Bond Maturity Date” means (a) with respect to the Series J Bonds, July 1, 2039, subject to final payment of principal with respect to the MBS on July 25, 2039, or the following Business Day if such day is not a Business Day, which will be passed through to the Bondholders on the Final Payment Date, and (b) with respect to the Series K Bonds, July 1, 2023.

“Bond Proceeds Fund” means the Fund of that name established by Section 5.02 hereof.

“Bond Purchase Agreement” means the Bond Purchase Agreement, dated \_\_\_\_\_, 2019, among the Underwriter, the Issuer and the Borrower.

“Bond Register” means the registration books of the Issuer maintained by the Trustee as provided in this Indenture on which registration and transfer of the Bonds is to be recorded.

“Bond Registrar” has the meaning given to such term in Section 2.08 hereof.

“Bondholder” or “holder” or “owner” of any Bond or any similar term shall mean the person in whose name any Bond is registered.

“Book-Entry Bonds” means the Bonds for which a Depository or its Nominee is the Bondholder.

“Borrower” has the meaning given to such term in the Recitals hereto.

[“Borrower Equity Fund” means the Borrower Equity Fund established by Section 5.02 hereof.]

“Business Day” means any day other than a Saturday or Sunday, a day when the fiscal agent or paying agent for the MBS is closed, a day when the Federal Reserve Bank of New York is closed, or a day when the Federal Reserve Bank is closed in a district where a securities account is located if the related withdrawal is being made from that securities account, and, with respect to the Bonds, any such day that is also a day on which the Trustee is open for business.

“Cash Flow Projection” means cash flow projections prepared by an independent firm of certified public accountants, a financial advisory firm, the Underwriter, a law firm or other independent third party qualified and experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds acceptable to the Issuer, establishing that (a) the amounts on deposit with the Trustee in the Bond Proceeds Fund, the Collateral Fund and the Revenue Fund, (b) projected investment income to accrue on amounts on deposit in the Bond Proceeds Fund, the Collateral Fund and the Revenue Fund during the applicable period and (c) any additional Eligible Funds delivered to the Trustee by or on behalf of the Borrower are sufficient to pay, as applicable, (i) amounts due and payable on the Bonds on each Payment Date, (ii) the MBS Purchase Price on the MBS Delivery Date, (iii) the costs of any proposed remarketing of the Series K Bonds, as provided in Section 3.07 hereof, or (iv) the optional redemption of the Bonds as provided in Section 3.01(g) hereof, including in the event that the Trustee intends to sell or otherwise dispose of Eligible Investments prior to maturity at a price below par, as described in Section 5.16 hereof. The cost and expense of obtaining such Cash Flow Projections shall be the sole responsibility of the Borrower.

“Closing Date” means December \_\_\_, 2019.

“Code” means the United States Internal Revenue Code of 1986, as amended, and the Regulations thereunder, or any successor statute, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the Treasury Department or Internal Revenue Service of the United States.

“Collateral Fund” means the Fund created and so designated in Section 5.02 hereof.

“Construction Lender” means JPMorgan Chase Bank, N.A.

“Construction Loan” means the loan made from the Construction Lender to the Borrower in the original principal amount of \$84,840,000.

“Construction Loan Documents” means the documents executed and delivered in connection with the Construction Loan, including, without limitation, the promissory note and mortgage evidencing the Construction Loan.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement dated as of December 1, 2019 between the Borrower and the Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Conversion Date” has the meaning set forth for such term in the Fannie Mae Forward Commitment and as set forth in a notice of the occurrence thereof delivered by the Permanent Lender to the Trustee.

“Costs of Issuance” means costs to the extent incurred in connection with, and allocable to, the issuance of the Bonds within the meaning of Section 147(g) of the Code. For example, “issuance costs” include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: Underwriter’s fee; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

“Costs of Issuance Deposit” means the amount deposited on the Closing Date into the Costs of Issuance Fund.

“Costs of Issuance Fund” means the Fund created and so designated in Section 5.02 hereof.

“Counsel’s Opinion,” “Opinion of Counsel,” or “Opinion” means a written opinion, including opinions supplemental thereto, signed by an attorney or firm of attorneys (who may be counsel for the Issuer, the Borrower or Fannie Mae).

“Depository” means, initially, DTC and any replacement securities depository appointed under this Indenture.

“Dissemination Agent” means \_\_\_\_\_, or any successor, as Dissemination Agent under the Continuing Disclosure Agreement.

“Dissemination Agent Fee” means the fee payable to the Dissemination Agent as compensation for its services and the reimbursement to the Dissemination Agent of its expenses in performing its obligations under the Continuing Disclosure Agreement, which shall be payable by the Borrower and not from funds pledged to the benefit of the Trust Estate.

“DTC” means The Depository Trust Company, New York, New York.

“Electronic Means” means a facsimile transmission or any other electronic means of communication approved in writing by Fannie Mae.

“Eligible Funds” means:

(a) the proceeds of the Bonds or any other amounts received by the Trustee from the Underwriter;

(b) the proceeds of the Permanent Loan;

(c) moneys drawn on a letter of credit provided to the Trustee for the benefit of the Borrower;

(d) any amounts received by the Trustee representing advances to the Borrower (or an affiliate) of funds from other third parties representing loans or grants of money earmarked for the Project, including but not limited to proceeds of the Construction Loan;

(e) remarketing proceeds of the Series K Bonds (including any additional amount paid to the Trustee as the purchase and or remarketing price thereof by the Remarketing Agent) received from the Remarketing Agent or any purchaser of the Series K Bonds;

(f) any other amounts for which the Trustee has received an Opinion of Counsel (which the Trustee may conclusively rely upon) to the effect that the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code (or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court) or be avoidable as preferential payments under Section 547 of the Bankruptcy Code should the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;

(g) any payments held by the Trustee for a continuous period of 123 days, *provided* that no act of bankruptcy with respect to the Borrower has occurred during such period; and

(h) investment income derived from the investment of the money described in (a) through (g) above.

“Eligible Investments” means any of the following investments which at the time are legal investments for moneys of the Issuer which are then proposed to be invested therein and each of which investments must mature or be guaranteed to be able to be tendered at a price of par at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of this Indenture:

(a) Government Obligations; and

(b) to the extent permitted herein, shares or units in any money market mutual fund rated “AAAm” by S&P (or if S&P is not the Rating Agency or a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general

category of security) (including mutual funds of the Trustee or its affiliates or for which the Trustee or an affiliate thereof serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of direct obligations of the government of the United States of America.

Eligible Investments deposited to the Series K Bond Proceeds Fund Account and the Series K Collateral Fund Account shall not include any investment with a final maturity or any agreement with a term ending later than the earlier of the following for the Series K Bonds: (i) the Mandatory Tender Date in effect at the time of investment, (ii) the Bond Maturity Date, or (iii) the Optional Redemption Date (except obligations that provide for the optional or mandatory tender, at par, by the holder of such obligations at any time). Eligible Investments deposited to the Series J Bond Proceeds Fund Account and the Series J Collateral Fund Account shall not include any investment with a final maturity or any agreement with a term ending later than the earlier of the following for the Series J Bonds: (i) the current MBS Delivery Date Deadline in effect at the time of investment, or (ii) the Bond Maturity Date (except obligations that provide for the optional or mandatory tender, at par, by the holder of such obligations at any time).

“Event of Default” means any occurrence or event specified in Section 8.01 hereof.

“Extension Deposit” means the deposit of Eligible Funds (a) with respect to the Series J Bonds, as described in Sections 3.04 and 5.05(b) hereof, and (b) with respect to the Series K Bonds, the amount due, if any, to provide adequate additional funds for the payment of principal and interest due with respect to the Series K Bonds during a Remarketing Period in connection with the change or extension of the Mandatory Tender Date pursuant to Section 3.07 hereof, and which shall be determined by a Cash Flow Projection.

“Fannie Mae” means Fannie Mae, a corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U. S. C., § 1716 et seq., and its successors.

“Fannie Mae Certificate” means a guaranteed mortgage pass-through Fannie Mae mortgage backed security issued by Fannie Mae in book-entry form, recorded in the name of the Trustee or its nominee, guaranteed as to timely payment of principal of and interest by Fannie Mae, and backed by the Permanent Loan.

“Fannie Mae Forward Commitment” means the Fannie Mae Forward Commitment, dated as of \_\_\_\_\_, 2019, entered into between the Permanent Lender and Fannie Mae, as the same may be amended from time to time.

“Final Payment Date” means the first Business Day after the final payment with respect to the MBS (July 26, 2039 or if such date is not a Business Day the following Business Day).

“Financing Agreement” has the meaning given to such term in the Recitals hereof.

“Financing Documents” means this Indenture, the Financing Agreement, the Regulatory Agreement, the Tax Certificate, the Bond Loan Notes and the Bond Purchase Agreement.

“Fund” or “Account” or “Subaccount” means a fund, account or subaccount created by or pursuant to this Indenture.

“General Partner” means \_\_\_\_\_, a California not-for-profit corporation, its successors and assigns.

“Government Obligations” means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury), and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by the United States of America.

“Guaranty” means the Fee Guaranty and Environmental Indemnity Agreement dated as of the same date as this Indenture, in favor of the Issuer and the Trustee.

“Indenture” means this Indenture of Trust as it may from time to time be amended, modified or supplemented by Supplemental Indentures.

“Initial Mandatory Tender Date” means January 1, 2023.

“Initial Remarketing Date” means the Initial Mandatory Tender Date, but only if the conditions for remarketing the Bonds on such date, as provided in Section 3.07 hereof, are satisfied.

“Initial Series K Bond Rate” means \_\_\_\_%.

“Initial Termination Date” means January 1, 2023

“Interest Period” means with respect to the Series K Bonds, initially, the period from the Closing Date to but not including January 1, 2020, and thereafter, the period commencing on each succeeding Series K Bond Payment Date and ending on the day preceding the next Series K Bond Payment Date.

“Investor Limited Partner” means Wincopin Circle LLLP, a Maryland limited liability limited partnership, its successors and/or assigns.

“Issuer” has the meaning set forth for that term in the Recitals above.

“Issuer Documents” means, collectively, this Indenture, the Financing Agreement, the Regulatory Agreement and the Tax Certificate.

“Issuer Fee” means [to come]

“Lender” means, prior to the Conversion Date, the Construction Lender, and after the Conversion Date, the Permanent Lender.

“Mandatory Redemption Date” means any date on which the Bonds are subject to mandatory redemption pursuant to Section 3.01 hereof, as such date may be extended pursuant to Section 3.04 hereof.

“Mandatory Tender Date” means (a) the Initial Mandatory Tender Date and (b) if the Series K Bonds Outstanding on such date or on any subsequent Mandatory Tender Date are remarketed pursuant to Section 3.05 for a Remarketing Period that does not extend to the final maturity of the Series K Bonds, the day after the last day of the Remarketing Period.

“MBS” shall mean the Fannie Mae Certificate identified in Section 4.01 hereof that is pledged by the Issuer to the Trustee pursuant to this Indenture.

“MBS Dated Date” means the 1<sup>st</sup> day of the month in which the MBS is delivered.

“MBS Delivery Date” means the date on which the Trustee receives the MBS backed by the Permanent Loan, which shall occur not later than the MBS Delivery Date Deadline.

“MBS Delivery Date Deadline” means March 1, 2023, or, if such day is not a Business Day, the following Business Day, as such date may be extended pursuant to Section 3.04 hereof.

“MBS Factor” means the applicable factor posted by Fannie Mae on the MBS from time to time as the Permanent Loan amortizes.

“MBS Purchase Price” means the principal amount outstanding on the Permanent Loan as of the MBS Delivery Date plus accrued interest on the MBS from the MBS Dated Date to the MBS Delivery Date at the Pass-Through Rate.

“MBS Revenues” means all payments made under and pursuant to the MBS.

“Moody’s” means Moody’s Investors Service, Inc., a Delaware corporation, and its successors and assigns, or if it is dissolved or no longer assigns credit ratings, then any other nationally recognized statistical rating agency, designated by Fannie Mae, that assigns credit ratings.

“Mortgage” means the Multifamily Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing together with all riders and exhibits, securing the Permanent Loan. [Add provisions as required for City Mortgage/Deed of Trust]

“Mortgage Note” means the instrument [amending and restating] the Construction Loan note and evidencing the obligation to repay the Permanent Loan, dated the Conversion Date, if such Permanent Loan is originated.

“Multifamily Loan and Security Agreement” means the Multifamily Loan and Security Agreement, executed by the Borrower and dated the Conversion Date, if such agreement is entered into.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant hereto.

“Officer’s Certificate” means a certificate signed by an Authorized Officer or, if such certificate pertains to official action taken by the Issuer or official records of the Issuer, by an Attesting Officer.

“Optional Redemption Date” means any date the Series K Bonds are subject to optional redemption pursuant to Section 3.01(g) hereof.

“Outstanding” means, when used with respect to the Bonds and as of any date, all Bonds theretofore authenticated and delivered under this Indenture except:

(a) any Bond cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) any Bond for the payment or redemption of which either (i) moneys equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, or (ii) specified types of Eligible Investments or moneys in the amounts, of the maturities and otherwise as described and required under the provisions of Sections 3.01 and 3.03, shall have theretofore been deposited with the Trustee in trust (whether upon or prior to maturity or the redemption date of such Bond) and, except in the case of a Bond to be paid at maturity, as to which a redemption notice shall have been given or provided for in accordance with Section 3.02, and

(c) any Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to this Indenture.

“Participant” means a member of, or a participant in, the Depository.

“Partnership Agreement” means the First Amended and Restated Agreement of Limited Partnership of the Borrower, dated as of \_\_\_\_\_, and any Supplements hereto.

“Pass-Through Rate” means \_\_\_\_% per annum.

“Payment Date” means the Series J Bond Payment Date and the Series K Bond Payment Date, as applicable.

“Permanent Lender” has the meaning given to such term in the Recitals hereto.

“Permanent Loan” means the interest-bearing loan for multifamily housing relating to the Bonds, if originated on the Conversion Date, which is evidenced by the Mortgage Note and secured by the Mortgage and the Multifamily Loan and Security Agreement.

“Permanent Loan Amortization Schedule” means the mortgage loan amortization schedule delivered to the Trustee on the Closing Date and attached as Exhibit C hereto, as may be subsequently modified by the Permanent Lender on the Conversion Date.

“Permanent Loan Documents” means, collectively, the [Financing Agreement], Mortgage Note, the Mortgage, the Multifamily Loan and Security Agreement, and all other documents, agreements and instruments delivered on the Conversion Date and evidencing, securing or otherwise relating to the Permanent Loan, as each such document, agreement or instrument may be amended, supplemented or restated from time to time. The Regulatory Agreement [is] [and the Financing Agreement are] not a Permanent Loan Document and is not secured by the Mortgage.



["Project" means the acquisition, rehabilitation, installation and equipping of a \_\_\_ unit multifamily rental housing facility project to be occupied by persons of low, middle or moderate income and related personal property and equipment, currently known as the Eastern Park Apartments and located in San Francisco, California.]

"Project Costs" means the following costs of the Project:

(a) Costs incurred directly or indirectly for or in connection with the acquisition (including the acquisition of a fee simple interest), construction, rehabilitation, improvement and equipping of the Project, including costs incurred in respect of the Project for preliminary planning and studies; architectural, legal, engineering, accounting, consulting, supervisory and other services; labor, services and materials; and recording of documents and title work and insurance.

(b) Premiums attributable to any surety bonds and insurance required to be taken out and maintained during the construction period with respect to the Project.

(c) Taxes, assessments and other governmental charges in respect of the Project that may become due and payable during the construction period.

(d) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project.

(e) Subject to the limitations set forth in the Tax Certificate, Costs of Issuance, including, financial, legal, accounting, cash flow verification, printing and engraving fees, charges and expenses, and all other such fees, charges and expenses incurred in connection with the authorization, sale, issuance and delivery of the Bonds, including, without limitation, the fees and expenses of the Trustee properly incurred under the Indenture that may become due and payable during the construction period.

(f) Any other costs, expenses, fees and charges properly chargeable to the cost of acquisition, construction, rehabilitation, improvement and equipping of the Project.

(g) Payment of interest on the Bonds during the construction period.

"Rating Agency" means Moody's, S&P or any other nationally recognized securities rating agency rating the Bonds, or such rating agency's successors or assigns.

"Rebate Amount" means, with respect to the Bonds, the amount of rebatable arbitrage as computed in accordance with the Code.

"Rebate Analyst" means a certified public accountant, financial analyst or attorney, or any firm of the foregoing, or a financial institution (which may include the Trustee) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code and retained by the Borrower to make the computations and give the directions required pursuant to the Tax Certificate.

“Rebate Fund” means the Fund created and so designated in Section 5.02 hereof.

“Record Date” means (a) with respect to the Series J Bonds, the close of business on the last day of the calendar month prior to the calendar month in which a payment occurs, and (b) with respect to the Series K Bonds, the fifteenth (15<sup>th</sup>) Business Day preceding each Series K Bond Payment Date.

“Redemption Price” means the amount required to be delivered to pay principal of, interest on, and redemption premium, if any, in connection with a redemption of the Bonds in accordance with the provisions of Article III hereof.

“Regulations” means the Income Tax Regulations promulgated or proposed under the Code by the Department of the Treasury, as the same may hereafter be amended, including without limitation regulations promulgated by the Department of the Treasury to implement the requirements of Section 148 of the Code.

“Regulatory Agreement” means the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of even date herewith, by and between the Issuer and the Borrower, as the same may be amended, modified or supplemented from time to time.

“Remarketing Agent” means, initially, RBC Capital Markets, LLC, and thereafter any successor Remarketing Agent (which meets the requirements of Section 9.15 hereof) that may be appointed by the Borrower.

“Remarketing Agent’s Fee” means the fee of the Remarketing Agent for its remarketing services. The Remarketing Agent’s Fee shall be payable by the Borrower, and not from funds pledged to the benefit of the Trust Estate.

“Remarketing Agreement” means the Remarketing Agreement, dated as of December 1, 2019, by and between the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

“Remarketing Date” means the Initial Remarketing Date and, if the Series K Bonds Outstanding on such date or on any subsequent Remarketing Date are remarketed pursuant to Section 3.07 for a Remarketing Period that does not extend to the final maturity of the Series K Bonds, the day after the last day of the Remarketing Period.

“Remarketing Expense Account” means the Remarketing Expense Account within the Costs of Issuance Fund created in Section 5.02 hereof.

“Remarketing Expenses” means the costs and expenses, other than those set forth in Section 4.02 of the Financing Agreement, incurred by the Trustee and its counsel, the Issuer and its Counsel, Bond Counsel, the Remarketing Agent and its counsel and the Dissemination Agent in connection with the remarketing of the Series K Bonds, including bond printing and registration costs, costs of funds advanced by the Remarketing Agent, registration and filing fees, the cost of any Cash Flow Projections or other verification reports, rating agency fees and other costs and expenses incurred in connection with or properly attributable to the remarketing of Series K Bonds as certified to the Trustee by the Remarketing Agent in writing.

“Remarketing Notice Parties” means the Borrower, the Issuer, the Trustee, the Remarketing Agent, the Investor Limited Partner and the Lender.

“Remarketing Period” means the period beginning on a Remarketing Date and ending on the last day of the term for which Series K Bonds are remarketed pursuant to Section 3.07 or the final Bond Maturity Date of the Series K Bonds, as applicable.

“Remarketing Proceeds Account” means the Remarketing Proceeds Account of the Revenue Fund created in Section 5.02 hereof.

“Remarketing Rate” means the interest rate or rates established pursuant to Section 3.07(c) and borne by the Series K Bonds then Outstanding from and including each Remarketing Date to, but not including, the next succeeding Remarketing Date or the final Bond Maturity Date of the Series K Bonds, as applicable.

“Representation Letter” has the meaning given to such term in Section 2.12 hereof.

“Requisition” means a requisition in the form attached as an exhibit to the Financing Agreement executed by an Authorized Borrower Representative, countersigned by the Issuer Servicer and approved by the Construction Lender and/or the Permanent Lender, as applicable, on which the Trustee may conclusively rely.

“Reserved Rights” means (a) all rights which the Issuer and its officers, officials, directors, agents and employees may have under this Indenture, the Financing Agreement and the Regulatory Agreement to indemnification by the Borrower and by any other persons and to payments for expenses incurred by the Issuer itself, or its officers, officials, directors, agents or employees; (b) the right of the Issuer to give and receive notices, reports, certifications, or other information hereunder, under the Financing Agreement and under the Regulatory Agreement; (c) the right of the Issuer to be named additional insured on insurance policies as provided in Section 2.01(x) of the Financing Agreement; (d) the right of the Issuer to receive its fees and expenses; (e) the Issuer’s approval and consent rights; (f) the rights of the Issuer with respect to inspections; (g) the rights of the Issuer with respect to operating statements and proposed budgets; (h) the notice, approval, removal and enforcement rights of the Issuer relating to the General Partner; (i) the rights of the Issuer with respect to publicity and signage; (j) the notification, indemnification and enforcement rights of the Issuer in the Financing Agreement; (k) the rights of the Issuer with respect to limited liability; (l) all rights of the Issuer to notice and approval; (m) all rights of the Issuer to enforce the covenants and agreements and to take action for the breach of any representation or warranty of the Borrower pertaining in any manner or way, directly or indirectly, to the requirements of the Act or any requirements imposed by the Issuer with respect to the Project, or necessary to assure that interest on the Bonds is excluded from gross income for federal income tax purposes, as are set forth in any of the Financing Documents, including any certificate or agreement executed by the Borrower; (n) all rights of the Issuer in connection with any amendment to or modification of any of this Indenture, the Financing Agreement, or the Regulatory Agreement; (o) all rights of the Issuer under the Guaranty dated as of the same date as this Indenture; and (p) all enforcement rights with respect to the foregoing. All of these Reserved Rights of the Issuer are reserved to the Issuer and are not being assigned by the Issuer to the Trustee.

“Resolution” means Resolution No. \_\_\_\_\_ adopted by the Board of Supervisors of the Issuer on \_\_\_\_\_ and approved by the Mayor of the Issuer on \_\_\_\_\_, authorizing, among other things, the execution and delivery by the Issuer of the Issuer Documents and the Bonds and the performance of its obligations thereunder.

“Revenue Fund” means the Fund created and so designated in Section 5.02 hereof.

“Series J Bond Proceeds Fund Account” means the Series J Account of the Bond Proceeds Fund created pursuant to Section 5.02 hereof.

“Series J Bonds” means the Issuer’s Multifamily Tax-Exempt Mortgage-Backed Bonds (M. TEBS) (Eastern Park Apartments), 2019 Series J in the aggregate principal amount of \$60,006,000 authorized under, secured by and issued pursuant to this Indenture.

“Series J Bond Loan Note” means, with respect to the Series J Bonds, the promissory note dated the Closing Date from the Borrower to the Issuer and assigned by the Issuer to the Trustee on the Closing Date, in substantially the form attached as an exhibit to the Financing Agreement, together with any amendments, supplements or modifications thereto.

“Series J Bond Payment Date” means (i) the 26th day of the month following the month in which the Closing Date occurs and the 26th day of each month thereafter, or the next succeeding Business Day if such 26th day is not a Business Day, until and including the 26th day of the month in which the MBS Delivery Date occurs and (ii) commencing in the first month immediately following the month in which the MBS Delivery Date occurs, the Business Day immediately after the date of receipt by the Trustee of a payment received on the MBS. The payment of interest on a Series J Bond Payment Date shall relate to the interest accrued during the preceding calendar month, provided that with respect to a redemption pursuant to Sections 3.01(b) and 3.01(c) hereof, the interest shall include interest accruing from the first day of the month in which the last Payment Date occurred to the date of redemption. There shall be no further accrual of interest on the Series J Bonds from the Bond Maturity Date to the Final Payment Date.

“Series J Collateral Fund Account” means the Series J Account of the Collateral Fund created pursuant to Section 5.02 hereof.

“Series J Negative Arbitrage Account” means the Series J Negative Arbitrage Account created pursuant to Section 5.02 hereof.

“Series J Negative Arbitrage Deposit” means Eligible Funds in the amount of \$\_\_\_\_\_ to be deposited on the Closing Date into the Series J Negative Arbitrage Account and as otherwise set forth in Section 5.04 hereof.

“Series J Revenue Fund Account” means the Series J Account of the Revenue Fund created pursuant to Section 5.02 hereof.

“Series K Bond Proceeds Fund Account” means the Series K Account of the Bond Proceeds Fund created pursuant to Section 5.02 hereof.

“Series K Bonds” means the Issuer’s Multifamily Housing Revenue Bonds (Eastern Park Apartments), 2019 Series K in the aggregate principal amount of \$24,834,000 authorized under, secured by and issued pursuant to this Indenture.

“Series K Bond Loan Note” means, with respect to the Series K Bonds, the promissory note dated the Closing Date from the Borrower to the Issuer and assigned by the Issuer to the Trustee on the Closing Date, in substantially the form attached as an exhibit to the Financing Agreement, together with any amendments, supplements or modifications thereto.

“Series K Bond Payment Date” means (i) January 1 and July 1 of each year, beginning on July 1, 2020, (ii) each Mandatory Redemption Date described in Section 3.01(f) hereof, (iii) each Mandatory Tender Date, (iv) the Bond Maturity Date and (v) the date of acceleration of the Series K Bonds.

“Series K Collateral Fund Account” means the Series K Account of the Collateral Fund created pursuant to Section 5.02 hereof.

“Series K Negative Arbitrage Account” means the Series K Negative Arbitrage Account created pursuant to Section 5.02 hereof.

“Series K Negative Arbitrage Deposit” means Eligible Funds in the amount of \$\_\_\_\_\_ to be deposited on the Closing Date into the Series K Negative Arbitrage Account and as otherwise set forth in Section 5.04 hereof.

“Series K Revenue Fund Account” means the Series K Account of the Revenue Fund created pursuant to Section 5.02 hereof.

“S&P” means S&P Global Ratings, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer with the approval of the Borrower.

“Substitute Depository” means a securities depository appointed as successor to DTC hereunder.

“Supplemental Indenture” means any indenture hereafter duly authorized and entered into between the Issuer and the Trustee amending or supplementing this Indenture in accordance with the provisions hereof.

“Tax Certificate” means collectively, as applicable, the Issuer’s Certificate as to Arbitrage, the Borrower’s Proceeds Certificate and the Arbitrage Rebate Agreement executed by the Issuer and the Borrower, as amended, supplemented or otherwise modified from time to time.

“Termination Date” means (i) initially, the Initial Termination Date, and (ii) if the Borrower exercises its extension option, July 1, 2023, in accordance with the Fannie Mae Forward Commitment and as set forth in a notice of the occurrence of such extension delivered by the Lender to the Trustee, subject to such additional extensions which have not been considered or agreed upon but may nevertheless be granted in the sole discretion of Fannie Mae.

“Trust Estate” means all the property, rights, moneys, securities and other amounts pledged and assigned to the Trustee pursuant to the Granting Clauses hereof.

“Trustee” has the meaning given to such term in the Recitals hereto.

“Trustee Fee” means the Trustee’s initial fee and expenses of \$ \_\_\_\_\_ plus the fees of its counsel in the amount of \$ \_\_\_\_\_ payable on the Closing Date, together with the annual administrative fees and expenses of the Trustee in an amount equal to \$ \_\_\_\_\_ per year payable in advance semi-annually commencing on the Closing Date and thereafter in advance each \_\_\_\_\_ 1 and \_\_\_\_\_ 1, which represents an annual fee of \$ \_\_\_\_\_, plus an annual out of pocket fee of \$ \_\_\_\_\_.

“Underwriter” means RBC Capital Markets, LLC.

Section 1.02. Rules of Construction.

(a) The singular form of any word used herein, including the terms defined in Section 1.01, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include the correlative words of other genders.

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

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

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time.

(e) Every “request,” “order,” “demand,” “application,” “appointment,” “notice,” “statement,” “certificate,” “consent” or similar action hereunder by any party shall, unless the form thereof is specifically provided, be in writing signed by a duly authorized representative of such party with a duly authorized signature.

(f) The parties hereto acknowledge that each such party and their respective counsel have participated in the drafting and revision of this Indenture and the Financing Agreement. Accordingly, the parties agree that any rule of construction which disfavors the drafting party shall not apply in the interpretation of this Indenture or the Financing Agreement or any amendment or supplement or exhibit hereto or thereto.

(g) Whenever Fannie Mae is required to give its consent or approval to any matter, whether stated as “consent,” “written consent,” “prior written consent,” “approval,” “written

approval,” “prior written approval” or otherwise, the giving of such consent or approval by Fannie Mae shall be in its sole and complete discretion.

(h) Whenever Fannie Mae shall have any right or option to exercise any discretion, to determine any matter, to accept any presentation or to approve or consent to any matter, such exercise, determination, acceptance, approval or consent shall, without exception, be in Fannie Mae’s sole and absolute discretion.

## ARTICLE II

### THE BONDS

Section 2.01. Authorization of Bonds. Bonds of the Issuer, to be entitled Multifamily Tax-Exempt Mortgage-Backed Bonds (M. TEBS) (Eastern Park Apartments), 2019 Series J are hereby authorized to be issued in an aggregate principal amount of \$60,006,000 and Multifamily Housing Revenue Bonds (Eastern Park Apartments), 2019 Series K are hereby authorized to be issued in an aggregate principal amount of \$24,834,000 and shall be issued subject to the terms, conditions and limitations established in this Indenture as hereinafter provided. The Bonds may be executed by or on behalf of the Issuer, authenticated by the Trustee and delivered or caused to be delivered by the Trustee to the original purchasers thereof upon compliance with the requirements set forth in this Indenture.

Section 2.02. Terms of Bonds.

(a) The Series J Bonds shall be dated as of the Bond Dated Date, shall bear interest at the Pass-Through Rate, payable on each Series J Bond Payment Date, and shall mature (subject to prior redemption as herein set forth) on the Bond Maturity Date. Interest on the Series J Bonds shall be calculated on the basis of a year of Actual/360. Except as otherwise provided in Sections 3.01(b) and 3.01(c) hereof, the payment of interest on a Series J Bond Payment Date shall be in an amount equal to the interest accrued during the preceding calendar month. There shall be no further accrual of interest on the Series J Bonds during the period from the Bond Maturity Date to the Final Payment Date. Notwithstanding anything herein to the contrary, on and after the MBS Delivery Date, the principal, interest and premium, if any, payable on the Series J Bonds will be equal to and for the same periods as interest, principal and premium, if any, received on the MBS, and will be paid one Business Day following receipt by the Trustee of payment pursuant to the MBS.

(b) The Series K Bonds shall be dated as of the Bond Dated Date, shall bear interest, payable on each Series K Bond Payment Date, from the date of issuance to but not including the Initial Mandatory Tender Date at a rate per annum equal to the Initial Series K Bond Rate and thereafter shall bear interest at the Remarketing Rate for each subsequent Remarketing Period, and shall mature (subject to prior redemption as set forth herein) on the Bond Maturity Date. The payment of interest on a Series K Bond Payment Date shall be in an amount equal to the interest accrued during the Interest Period ending on the day preceding such Series K Bond Payment Date. Interest on the Series K Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

(c) The Bonds shall be issued as registered bonds without coupons in Authorized Denominations. The Bonds shall be lettered "RA" and "RB," respectively and shall be numbered separately from "1" consecutively upwards. The Bonds shall be issued initially as Book-Entry Bonds.

(d) On each Payment Date, payment of the principal of and interest or premium, if any, on any Bond shall be made to the person appearing on the Bond Register as the registered owner thereof on the applicable Record Date. The principal of and the interest on the Bonds shall be payable in coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts of the United States of America. Unless the Bonds are Book-Entry Bonds, the principal of the Bonds shall be payable to the registered owners thereof upon presentation (except in connection with a redemption of Bonds pursuant to Section 3.01(b) hereof) at the designated corporate trust office of the Trustee or its successors. Unless the Bonds are Book-Entry Bonds, payments of interest on the Bonds and redemption of the Bonds pursuant to Section 3.01(b) hereof shall be paid by check or draft mailed to the registered owner thereof at such owner's address as it appears on the registration books maintained by the Trustee on the applicable Record Date or at such other address as is furnished to the Trustee in writing by such owner. The Trustee shall cause CUSIP number identification with appropriate dollar amounts for each CUSIP number to accompany all payments of interest, principal or Redemption Price made to such owners, whether such payment is made by check or wire transfer. All payments of principal of and interest on Book-Entry Bonds shall be made and given at the times and in the manner set out in the Representation Letter, as more fully specified in Sections 2.11 and 2.12 hereof.

(e) The Bonds shall be subject to redemption prior to maturity as provided in Article III hereof.

(f) The date of authentication of each Bond shall be the date such Bond is registered.

Section 2.03. Execution; Limited Obligation. The Bonds shall be signed by, or bear the facsimile or manual signature of, an Authorized Officer of the Issuer, and attested to by the manual or facsimile signature of an Authorized Officer of the Trustee. In case any one or more of the officers of the Issuer who shall have signed any of the Bonds or whose signature appears on any of the Bonds shall cease to be such officer before the Bonds so signed shall have been actually authenticated or delivered or caused to be delivered by the Trustee or issued by the Issuer, such Bonds may, nevertheless, be authenticated and issued and, upon such authentication, delivery and issue, shall be as binding upon the Issuer as if the persons who signed such Bonds or whose signatures appear on any of the Bonds had not ceased to hold such offices until such delivery. Any Bond may be signed on behalf of the Issuer by such persons as at the actual time of execution of the Bonds shall be duly authorized or hold the proper office in the Issuer, although at the date of issuance and delivery of the Bonds such persons may not have been so authorized or have held such office.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE. NEITHER THE ISSUER, THE STATE OF CALIFORNIA (THE "STATE"), NOR ANY POLITICAL SUBDIVISION THEREOF



(EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT, OR TAXING POWER 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.

THE OBLIGATIONS OF THE ISSUER ON THIS BOND ARE EXPRESSLY LIMITED TO AND ARE PAYABLE SOLELY FROM (I) THE PAYMENTS MADE BY THE BORROWER PURSUANT TO THE FINANCING AGREEMENT AND THE BOND LOAN NOTES, AND THE SECURITY THEREFOR PROVIDED BY THE MBS AND THE MORTGAGE AND ANY OTHER COLLATERAL SECURITY FROM TIME TO TIME HELD BY THE TRUSTEE, AND (II) ANY ADDITIONAL SECURITY PROVIDED IN THE INDENTURE. The foregoing statement of limitation shall appear on the face of each Bond.

Section 2.04. Authentication. The Bonds shall each bear thereon a certificate of authentication, substantially in the forms set forth in Exhibit A-1 and Exhibit A-2 hereto, as applicable, and executed by the Trustee. Only Bonds which bear thereon such executed certificate of authentication shall be entitled to any right or benefit under this Indenture, and no Bond shall be valid for any purpose under this Indenture until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of authentication upon any Bond shall be conclusive evidence that the Bond so authenticated has been duly issued under this Indenture and that the holder thereof is entitled to the benefits of this Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Trustee, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereunder. The certificate of authentication on all Bonds delivered by the Trustee hereunder shall be dated the date of its authentication.

Section 2.05. Form of Bonds. The form of the Bonds issued pursuant to this Indenture shall be in substantially the form set forth in Exhibit A-1 and Exhibit A-2 hereto, as applicable with such variations, omissions or insertions as are permitted by this Indenture.

Section 2.06. Delivery of Bonds. After the execution and delivery of this Indenture, the Issuer shall execute and deliver to the Trustee, and the Trustee shall authenticate, the Bonds and deliver them to the Underwriter as directed by the Issuer in writing.

Prior to the delivery by the Trustee of any of the Bonds, there shall be filed with the Trustee:

- (a) an executed copy of the Resolution duly certified by an Authorized Officer;

(b) executed counterparts of this Indenture, the Financing Agreement, the Regulatory Agreement, the Tax Certificate and the original, fully executed Bond Loan Notes;

(c) an opinion of Bond Counsel or counsel to the Issuer in either case delivered to the Trustee, dated the Closing Date, stating that the Issuer has duly adopted the Resolution and has duly executed and delivered this Indenture and that this Indenture and the Bonds each constitute a valid and binding limited obligation of the Issuer, subject to any applicable bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors;

(d) an opinion of Bond Counsel addressed to the Trustee, dated the Closing Date, to the effect that, subject to any exceptions or qualifications stated therein, the interest on the Bonds is excludable from gross income for federal income tax purposes under existing laws;

(e) a request and authorization to the Trustee by the Issuer to authenticate and deliver the Bonds to or at the direction of the Underwriter upon payment to the Trustee, for the account of the Issuer, of a sum specified in such request and authorization. The proceeds of such payment shall be paid over to the Trustee and deposited in the various Funds and Accounts pursuant to, and as specified in, Article V hereof;

(f) evidence from the Rating Agency that the Bonds have been rated AA+ by S&P;  
and

(g) executed counterparts of the Construction Loan Documents.

Upon receipt of these documents, the Trustee shall authenticate and deliver the Bonds to or upon the order of the Underwriter but only upon payment to the Trustee of the purchase price of the Bonds, together with accrued interest thereon, if any.

Section 2.07. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Issuer, at the expense of the owner of such Bond shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, the Issuer. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence shall be satisfactory to it and indemnity satisfactory to the Trustee shall be given, the Issuer, at the expense of the owner of such Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond authenticated and delivered under this Section and of the expenses which may be incurred by the Issuer and the Trustee in the premises. Any Bond authenticated and delivered under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Issuer whether or not the Bond so alleged to be lost, destroyed or stolen shall be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture. If any such Bond shall have matured, or is about to mature, instead of issuing a new Bond the Trustee may pay the same without surrender thereof upon receipt of the aforementioned indemnity.

Section 2.08. Registration, Transfer and Exchange of Bonds; Persons Treated as Owners. The Issuer shall cause books for the registration, transfer and exchange of the Bonds as provided in this Indenture to be kept by the Trustee, which is hereby constituted and appointed the bond registrar with respect to the Bonds (the "Bond Registrar"). At reasonable times and under reasonable regulations established by the Trustee, said books may be inspected and copied by the Issuer or by owners (or a designated representative thereof) of a majority in aggregate principal amount of the Bonds then Outstanding.

The registration of each Bond is transferable by the registered owner thereof in person or by its attorney duly authorized in writing at the designated corporate trust office of the Trustee. Upon surrender for registration of transfer of any Bond at such office, the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Bond of the same maturity or maturities and Authorized Denomination for the same aggregate principal amount. Bonds to be exchanged shall be surrendered at said designated corporate trust office of the Trustee, and the Trustee shall authenticate and deliver in exchange therefore a Bond of equal aggregate principal amount of the same maturity, same series and Authorized Denomination.

All Bonds presented for registration of transfer, exchange or payment (if so required by the Issuer or the Trustee) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the registered owner or by its duly authorized attorney.

The Issuer, the Bond Registrar and the Trustee shall not be required (i) to issue, register the transfer of or exchange any Bonds during a period beginning at the Trustee's opening of business on the applicable Record Date and ending at the Trustee's close of business on the applicable Payment Date; or (ii) to register the transfer of or exchange any Bond selected, called or being called for redemption as provided herein. No charge shall be made to any Bondholder for the privilege of registration of transfer as herein provided, but any Bondholder requesting any such registration of transfer shall pay any tax or governmental charge required to be paid therefor.

New Bonds delivered upon any registration of transfer or exchange shall be valid obligations of the Issuer, evidencing the same debt as the Bonds surrendered, shall be secured by this Indenture and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

The person in whose name any Bond is registered shall be deemed the owner thereof by the Issuer and the Trustee, and any notice to the contrary shall not be binding upon the Issuer or the Trustee. Notwithstanding anything herein to the contrary, to the extent the Bonds are Book-Entry Bonds, the provisions of Section 2.11 shall govern the exchange and registration of Bonds.

Section 2.09. Cancellation of Bonds. Whenever any Outstanding Bond shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment of the principal amount and interest represented thereby, for replacement pursuant to Section 2.07 or for transfer or exchange pursuant to Section 2.16, such Bond shall be canceled and destroyed by the Trustee and, upon written request of the Issuer, counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Trustee to the Issuer.

Section 2.10. Pledge Effected by Indenture. All amounts held in any Fund or Account under this Indenture are hereby ratably pledged to secure the payment of the principal of and the interest on the Bonds, subject only to the provisions of this Indenture permitting the application thereof for other purposes. Additionally, following the MBS Delivery Date, the MBS held pursuant to this Indenture, all amounts that may be received under a Fannie Mae trust agreement, all rights of the Issuer or the Trustee under a Fannie Mae trust agreement and the MBS Revenues are hereby exclusively and ratably pledged to secure the payment of the principal of and the interest on the Series J Bonds, subject only to the provisions of this Indenture permitting the application thereof for other purposes. Each of the foregoing pledges shall be valid and binding and immediately effective, upon its being made or granted, without any physical delivery, filing, recording or further act, and shall be valid and binding as against, and superior to any claims of all others having claims of any kind against the Issuer or any other person, irrespective of whether such other parties have notice of the pledge.

Section 2.11. Book-Entry System; Limited Obligation. The Bonds shall be initially issued in the form of a separate single fully registered Bond (which may be typewritten) for each maturity and each series of the Bonds. Upon initial execution, authentication and delivery, the ownership of each such global Bond shall be registered in the Bond Register in the name of the Nominee as nominee of the Depository. Except as provided in Section 2.13, all of the Outstanding Bonds shall be registered in the Bond Register kept by the Trustee in the name of the Nominee and the Bonds may be transferred, in whole but not in part, only to the Depository, to a Substitute Depository or to another nominee of the Depository or of a Substitute Depository. Each global Bond shall bear a legend substantially to the following effect: "UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE OF TRUST) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

With respect to Bonds registered in the Bond Register in the name of the Nominee, the Issuer and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds a beneficial interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Trustee shall have no responsibility or obligation with respect to (a) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any beneficial ownership interest in the Bonds, (b) the delivery to any Participant, Beneficial Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any redemption notice with respect to the Bonds, including any redemption notice following a failure to purchase the MBS, (c) the selection by the Depository and the Participants of the beneficial interests in the Bonds to be redeemed in part in accordance with the operational arrangements of DTC and as set forth in Section 3.02(b), or (d) the payment to any Participant, Beneficial Owner or any other person, other than the Depository, of any amount with respect to principal of, premium, if any, or interest

on the Bonds. The Issuer and the Trustee may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on such Bond, for the purpose of giving redemption notices pursuant to Section 3.02 and other notices with respect to such Bond, and for all other purposes whatsoever, including, without limitation, registering transfers with respect to the Bonds.

The Trustee shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Bondholders, as shown in the Bond Register kept by the Trustee, or their respective attorneys duly authorized in writing, and all such payments shall be valid hereunder with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Bondholder, as shown in the Bond Register, shall receive a Bond evidencing the obligation to make payments of principal of, premium, if any, and interest pursuant to this Indenture. Upon delivery by the Depository to the Trustee and the Issuer of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such new nominee of the Depository.

The Issuer and the Trustee will recognize the Depository or its nominee as the Bondholder of Book-Entry Bonds for all purposes, including receipt of payments, notices and voting, *provided* the Trustee may recognize votes by or on behalf of Beneficial Owners as if such votes were made by the Bondholders of a related portion of the Bonds when such votes are received in compliance with an omnibus proxy of the Depository or otherwise pursuant to the rules of the Depository or the provisions of the Representation Letter or other comparable evidence delivered to the Trustee by the Bondholders.

SO LONG AS A BOOK-ENTRY SYSTEM OF EVIDENCE OF TRANSFER OR OWNERSHIP OF ALL THE BONDS IS MAINTAINED IN ACCORDANCE HEREWITH, THE PROVISIONS OF THIS INDENTURE RELATING TO THE DELIVERY OF PHYSICAL BONDS SHALL BE DEEMED TO GIVE FULL EFFECT TO SUCH BOOK-ENTRY SYSTEM AND ALL DELIVERIES OF ANY SUCH BONDS SHALL BE MADE PURSUANT TO THE DELIVERY ORDER PROCEDURES OF DTC, AS IN EFFECT FROM TIME TO TIME.

Section 2.12. Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, if necessary, any Authorized Officer is hereby authorized to execute, countersign and deliver on behalf of the Issuer to such Depository a letter from the Issuer in substantially the Depository's standard form representing such matters as shall be necessary to so qualify the Bonds (the "Representation Letter"). The Representation Letter includes such letter as it may be amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor. The execution by the Issuer and delivery of the Representation Letter shall not in any way limit the provisions of Section 2.11 or in any other way impose upon the Issuer any obligation whatsoever with respect to persons having beneficial interests in the Bonds other than the registered owners, as shown in the Bond Register kept by the Trustee. In addition to the execution and delivery of the Representation Letter, any Authorized Officer is hereby

authorized to take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

The terms and provisions of the Representation Letter shall govern in the event of any inconsistency between the provisions of this Indenture and the Representation Letter. The Representation Letter may be amended without Bondholder consent.

Section 2.13. Transfers Outside Book-Entry System. If at any time the Issuer determines that continuation of the book-entry system through DTC (or a successor securities Depository) is not in the best interest of the owners of the Bonds, if at any time the Depository notifies the Issuer and the Trustee that it is unwilling or unable to continue as Depository with respect to the Bonds or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a Substitute Depository is not appointed by the Issuer within 90 days after the Issuer and the Trustee receive notice or become aware of such condition, as the case may be, the provisions of Section 2.11 shall no longer be applicable and the Issuer shall execute and the Trustee shall authenticate and deliver bonds representing the Bonds as provided below. In addition, the Issuer may determine at any time that the Bonds shall no longer be represented by global certificates and that the provisions of Section 2.11 shall no longer apply to the Bonds. In any such event, the Issuer shall execute and the Trustee shall authenticate and deliver certificates representing the Bonds as provided below. Bonds issued in exchange for global certificates pursuant to this Section shall be registered in such names and delivered in such authorized denominations as the Depository, pursuant to instructions from the Participants or otherwise, shall instruct the Issuer and the Trustee. The Trustee shall deliver such certificates representing the Bonds to the persons in whose names such Bonds are so registered.

If the Issuer determines to replace the Depository with another qualified securities depository, the Issuer shall prepare or cause to be prepared a new fully registered global certificate for each of the maturities of each type of Bond, registered in the name of such successor or substitute securities depository or its nominee, or make such other arrangements as are acceptable to the Issuer, the Trustee and such securities depository and not inconsistent with the terms of this Indenture.

Section 2.14. Payments and Notices to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository, with duplicate information transmitted to Bloomberg at its notice address set forth herein.

Section 2.15. Initial Depository and Nominee. The initial Depository under this Indenture shall be DTC. The initial Nominee shall be Cede & Co., as nominee of DTC.

Section 2.16. Optional Exchange of Bonds for MBS. Following delivery of the MBS to the Trustee, a Beneficial Owner of Series J Bonds may file with the Trustee a written request, in the form attached hereto as "Exhibit B – FORM OF NOTICE OF REQUEST TO EXCHANGE" or such other form as may be approved by the Trustee (the "Request Notice"), to exchange

Series J Bonds for a like principal amount of the MBS, *provided*, that (i) the MBS will be, when delivered, in a face amount equal to \$1,000.00 or a multiple of \$1.00 in excess thereof, and (ii) the Project is complete and placed in service by the Borrower as evidenced by a certificate of occupancy for the Project delivered by the Borrower to the Trustee accompanied by a letter signed by an Authorized Borrower Representative confirming that the Project is placed in service for purposes of Section 42 of the Code. The Request Notice must be delivered to the Trustee at least six (6) Business Days prior to the Exchange Date (as defined in the Request Notice).

Upon receipt of a Request Notice, the Trustee shall immediately provide a copy to the Issuer and the Permanent Lender. The Issuer shall then have up to five (5) Business Days, in its sole discretion, to provide written direction to the Trustee to either (i) deliver to the Beneficial Owner of the Series J Bonds its proportionate interest in the MBS based upon such Beneficial Owner's proportionate interest in the Series J Bond or (ii) redeem the Beneficial Owner's Series J Bonds for an amount equal to the Cash Value (as defined in this section) as of the Exchange Date. Any failure of the Issuer to provide direction within the period set forth in the prior sentence shall be deemed a direction to deliver the MBS in lieu of redeeming the Series J Bonds. Immediately upon receiving the Issuer's direction, the Trustee shall notify such Beneficial Owner of the Issuer's direction. Upon receipt of any Series J Bonds from the requesting Beneficial Owner, the Trustee will promptly cancel the Series J Bonds being exchanged or redeemed, which will not be reissued.

Cash Value = original face amount of the MBS x MBS Factor x (1 + Redemption Premium (R) + (Initial Offering Premium (I) x MBS Factor)) – an amount equal to the principal to be received by such Beneficial Owner on the next Payment Date (if the date of redemption occurs between the Record Date and such Payment Date)

Where R = 5% if the exchange occurs during the first five years from the Closing Date;

= 4% during the sixth year;

= 3% during the seventh year;

= 2% during the eighth year;

= 1% during the ninth year; and

= 0% thereafter

and I = initial offering price of the Series J Bonds - 100%

In the event that the Issuer elects to deliver the Beneficial Owner's proportionate interest in the MBS in lieu of redeeming the Series J Bonds, after validating the exchange request, the Trustee shall transfer and deliver to such requesting Beneficial Owner, the Trustee's beneficial ownership interest in the Beneficial Owner's proportional interest in the MBS on the date specified in the Request Notice promptly following (i) delivery to the Trustee (via DTC withdrawal or Deposit/Withdrawal At Custodian ("DWAC")) of the Series J Bonds being exchanged and (ii) payment by the requesting Beneficial Owner of the Trustee's exchange fee (\$1,000 as of the date of this Indenture) with respect to such Series J Bonds. Such Beneficial

Owner's proportionate interest in the MBS will be (1) in book-entry form and (2) transferred in accordance with current market practices, including the applicable provisions of the SIFMA's *Uniform Practices for the Clearance and Settlement of Mortgage-Backed Securities and Other Related Securities*. The proportional interest in the MBS delivered in such an exchange will not be exchangeable for Series J Bonds. If the Exchange Date is subsequent to a Record Date and prior to a corresponding Payment Date for the Series J Bonds, the Trustee shall wire the applicable principal and interest payments on the exchanged Series J Bonds from the Series J Revenue Account to the Beneficial Owner using the wire transfer instructions set forth on the Request Notice.

In the event that the Issuer elects to redeem Series J Bonds in lieu of an exchange with the MBS, the Beneficial Owner shall arrange with its securities dealer (and/or DTC participant) to deliver such Series J Bonds to the Trustee (via DTC withdrawal or DWAC) on or before such redemption date. Once such delivery has been verified and approved by the Trustee, the Trustee shall transfer a like principal amount of the MBS to or upon the order of the Issuer in exchange for an amount equal to the Cash Value plus interest accrued but unpaid on the MBS (less any interest to be received by the Beneficial Owner on the next Payment Date if the redemption occurs between the Record Date and such Payment Date) and apply the proceeds of such transfer to the payment of the Redemption Price of the Series J Bonds on the Payment Date by wiring such amount to the Beneficial Owner at its wire transfer instructions set forth on the Request Notice.

None of Fannie Mae, the Trustee or the Issuer shall have any liability to the Beneficial Owner arising from (i) any exchange or redemption of Series J Bonds effected hereby or (ii) any of the costs or expenses hereof. Interest on such MBS is not excludable from gross income for federal income tax purposes. Bondholders should consult their own tax advisors concerning that and other tax consequences of any exchange of a Series J Bond for the MBS.

### ARTICLE III

#### REDEMPTION, MANDATORY TENDER AND REMARKETING OF BONDS

Section 3.01. Terms of Redemption. The Bonds shall be subject to redemption prior to the stated maturity thereof only as set forth in this Section.

(a) Series J Bonds - Mandatory Redemption Prior to MBS Delivery Date. Prior to the first day of the first month following the MBS Delivery Date, the Series J Bonds are subject to mandatory redemption in part on any Payment Date in an amount equal to the amount due on the first day of the month in which such Payment Date occurs as shown in the Permanent Loan Amortization Schedule, payable with respect to principal first, from money on deposit in the Series J Account of the Collateral Fund and second, from money on deposit in the Bond Proceeds Fund and with respect to interest, from money on deposit in the Series J Account of the Revenue Fund.

(b) Series J Bonds - Mandatory Redemption Upon Failure to Convert by the Termination Date or Failure to Purchase the MBS. The Series J Bonds are subject to mandatory redemption in whole five (5) calendar days after the MBS Delivery Date Deadline (as such date



may be extended hereunder pursuant to Section 3.04) at a Redemption Price equal to 100% of the Outstanding principal amount thereof, plus interest accrued but unpaid from the first day of the month in which the last Payment Date occurred to such redemption date, if (i) the Conversion Date has not occurred on or prior to the Termination Date or (ii) the MBS Delivery Date has not occurred on or prior to the MBS Delivery Date Deadline, as such dates may be extended, payable with respect to principal, interest and premium, if any, first, from money on deposit in the Series J Revenue Fund Account of the Revenue Fund, second, from money on deposit in the Series J Account of the Collateral Fund, and third, from money on deposit in the Series J Bond Proceeds Account of the Bond Proceeds Fund.

(c) Series J Bonds - Mandatory Redemption on the MBS Delivery Date. The Series J Bonds are subject to mandatory redemption in part on the MBS Delivery Date at a Redemption Price equal to 100% of the principal amount of the Series J Bonds to be redeemed, plus interest accrued but unpaid from the first day of the month in which the last Payment Date occurred to the MBS Delivery Date, in an amount equal to the difference between (i) the principal amount of the MBS purchased on the MBS Delivery Date and (ii) the aggregate principal amount of the Series J Bonds Outstanding as of the first day of the month in which the MBS Delivery Date occurred, payable with respect to principal, interest and premium, if any, first, from money on deposit in the Series J Revenue Fund Account of the Revenue Fund, second, from money on deposit in the Series J Account of the Collateral Fund, and third, from money on deposit in the Series J Bond Proceeds Account of the Bond Proceeds Fund.

(d) Series J Bonds - Mandatory Redemption Following the MBS Delivery Date. Following the MBS Delivery Date, the Series J Bonds are subject to mandatory redemption in part in an amount equal to, and one Business Day after the date on which, each principal payment or prepayment is received pursuant to the MBS at a Redemption Price equal to 100% of the principal amount received pursuant to the MBS, plus interest and premium, if any, received pursuant to the MBS.

(e) Series J Bonds - Mandatory Redemption in Lieu of Exchange. The Series J Bonds are subject to mandatory redemption in part in the event the Issuer elects pursuant to Section 2.16 to redeem a Beneficial Owner's Series J Bonds for an amount equal to the Cash Value in lieu of delivering to the Beneficial Owner of the Series J Bonds its proportionate interest in the MBS based upon its proportionate interest in the Series J Bonds. Any such redemption shall be made in the amounts, from the sources and in accordance with the provisions of this Indenture.

(f) Series K Bonds - Mandatory Redemption for Failure to Remarket. The Series K Bonds are subject to mandatory redemption in whole at a redemption price of 100% of the Outstanding principal amount thereof, plus accrued interest to the redemption date, on any Mandatory Tender Date upon the occurrence of any of the following events: (i) the Borrower has previously elected not to cause the remarketing of the Bonds; (ii) the conditions to remarketing set forth in Section 3.07(b) or Section 3.07(d) have not been met by the dates and times set forth therein; or (iii) the proceeds of a remarketing on deposit in the Remarketing Proceeds Account at 11:00 a.m. Local Time on the Mandatory Tender Date are insufficient to pay the purchase price of the Outstanding Series K Bonds on such Mandatory Tender Date. Series K Bonds subject to redemption in accordance with this paragraph shall be redeemed from (i) amounts on deposit in

the Series K Collateral Fund Account, (ii) amounts on deposit in the Series K Negative Arbitrage Account and the Series K Revenue Fund Account of the Revenue Fund, (iii) amounts on deposit in the Series K Bond Proceeds Fund Account, and (iv) any other Eligible Funds available or made available for such purpose at the written direction of the Borrower.

(g) Series K Bonds - Optional Redemption. The Series K Bonds are not subject to optional redemption prior to the Initial Mandatory Tender Date. After the Initial Remarketing Date, the Borrower, in consultation with the Remarketing Agent, may establish an optional redemption date with respect to any subsequent Remarketing Period and, thereafter, the Series K Bonds are subject to optional redemption in whole or in part by the Issuer at the written direction of the Borrower (with written notice to the Trustee at least 30 days prior to the proposed redemption date specifying the principal amount of the Bonds to be redeemed and delivery of a Cash Flow Projection) on or after the applicable redemption date at a redemption price of 100% of the principal amount of such Series K Bonds to be redeemed plus accrued interest to the applicable redemption date.

#### Section 3.02. Notice of Redemption.

(a) Anytime the Bonds are subject to redemption in whole or in part pursuant to Section 3.01 hereof (except redemptions pursuant to Sections 3.01(a) or (d) hereof, for which no notice of redemption shall be required), the Trustee, in accordance with the provisions of this Indenture, shall give at least twenty (20) Business Days' notice, in the name of the Issuer, of the redemption of the Series J Bonds and at least twenty (20) but not more than thirty (30) Business Days' notice, in the name of the Issuer, of the redemption of the Series K Bonds, which notice shall specify the following: (i) the maturity and principal amounts of the Bonds to be redeemed; (ii) the CUSIP number, if any, of the Bonds to be redeemed; (iii) the date of such notice; (iv) the issuance date for such Bonds; (v) the interest rate on the Bonds to be redeemed; (vi) the redemption date; (vii) any conditions to the occurrence of the redemption; (viii) the place or places where amounts due upon such redemption will be payable; (ix) the Redemption Price; (x) the Trustee's name, address and phone number; and (xi) that on the redemption date, the Redemption Price shall be paid. Notice delivered as required in this Section 3.02(a) with respect to a redemption pursuant to Section 3.01(b) hereof may be rescinded and annulled on or before the MBS Delivery Date Deadline if (i) the MBS is delivered on or prior to the MBS Delivery Date Deadline or (ii) the MBS Delivery Date Deadline is extended pursuant to Section 3.04 hereof. Neither the giving of such notice by the Trustee nor the receipt of such notice by the Bondholders shall be a condition precedent to the effectiveness of any such redemption. With respect to a mandatory redemption pursuant to Section 3.01(f), the notice of Mandatory Tender provided to Holders pursuant to Section 3.06 shall serve as the notice of redemption required by this Section 3.02 and shall satisfy the requirements of this Section 3.02, and no further notice of redemption will be required to the Bondholders.

(b) The Bonds to be (i) redeemed in part pursuant to Section 3.01 and (ii) exchanged in part pursuant to Section 2.16 hereof will be selected in accordance with the operational arrangements of DTC or any successor Substitute Depository, and any partial prepayments pursuant thereto shall be made in accordance with the "Pro Rata Pass-Through Distributions of Principal" procedures of DTC or comparable procedures of any successor Substitute Depository.

(c) In the event that the MBS has not been purchased by, and delivered to, the Trustee ten (10) Business Days prior to the MBS Delivery Date Deadline (as such date may be extended hereunder), the Trustee shall provide, ten (10) Business Days prior to the MBS Delivery Date Deadline, to the Borrower, the Investor Limited Partner, the Permanent Lender, the Construction Lender, the Issuer and the Underwriter, written notice of such non-purchase.

(d) Notices of optional redemption of the Series K Bonds shall be revocable in the event that there is not on deposit with the Trustee prior to the date of redemption Eligible Funds sufficient to pay the redemption price of the Series K Bonds to be redeemed or, in the case of any redemption premium on the Series K Bonds, there are not on deposit Eligible Funds sufficient to pay such redemption premium.

Notwithstanding this Section 3.02, no prior notice shall be a prerequisite to the effectiveness of any redemption under Section 3.01 hereof which redemption shall occur and be effective irrespective of whether the Trustee fulfills its obligation to provide the notice with respect to Section 3.01 hereof required by this Section 3.02.

Section 3.03. Payment of Redemption Price. With respect to any redemption pursuant to Section 3.01 hereof, notice having been given in the manner provided in Section 3.02 hereof (or not required to be given as a result of a redemption pursuant to Sections 3.01(a) or (d) hereof), and all conditions to the redemption contained in such notice, if applicable, having been met, the Bonds so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price specified in Section 3.01(a), (b), (c), (d), (e), (f) or (g), as applicable, and upon presentation and surrender thereof at the offices specified in such notice, together with, in the case of Bonds presented by other than the registered owner, a written instrument of transfer duly executed by the registered owner or its duly authorized attorney; *provided, however,* that so long as the Bonds are registered in the name of the Depository, payment for such redeemed Bonds shall be made in accordance with the Representation Letter of the Issuer. If, on the redemption date, moneys for the redemption of all of the Bonds to be redeemed, together with all accrued interest on such Bonds, (which, with respect to the Series J Bonds only, shall equal all interest accrued on the MBS) if delivered, to the redemption date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date, interest on the Bonds so called for redemption shall cease to accrue.

Section 3.04. Extension of MBS Delivery Date Deadline. At any time prior to the date on which notice of redemption pursuant to Section 3.02 hereof must be given pursuant to Sections 3.01(b) or (c) hereof, as applicable, the Borrower may extend the MBS Delivery Date Deadline by (i) providing to the Trustee, the Lender, the Issuer, the Rating Agency and the Underwriter written notice of any extension of the MBS Delivery Date Deadline, (ii) depositing with the Trustee Eligible Funds for the credit of the Series J Negative Arbitrage Account of the Revenue Fund in an amount, taking into account amounts already on deposit therein, sufficient to pay interest due on the Series J Bonds to the date that is five (5) calendar days after the extended MBS Delivery Date Deadline (the "Extension Deposit"), (iii) delivering to the Trustee and the Rating Agency a Cash Flow Projection establishing the sufficiency of the Extension Deposit, and (iv) delivering to the Trustee confirmation by the Rating Agency of the then-current rating on the Series J Bonds. Extension Deposits may continue to be made by or on behalf of the Borrower

until the MBS Delivery Date occurs or the Borrower declines to make an Extension Deposit resulting in a mandatory redemption of the Series J Bonds pursuant to Sections 3.01(b) or (c), as applicable; *provided, however*, the MBS Delivery Date Deadline may not be extended (i) if the Termination Date has occurred prior to the Conversion Date or (ii) to a date that is later than the fourth anniversary of the Bond Dated Date unless, prior to any extension beyond such date, there shall be filed with the Trustee and the Issuer an opinion of Bond Counsel to the effect that such extension will not, in and of itself, adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. The cost of such opinion shall be the sole responsibility of the Borrower.

Section 3.05. Mandatory Tender of Series K Bonds.

(a) Purchase of Series K Bonds on Mandatory Tender Dates. All Outstanding Series K Bonds shall be subject to mandatory tender by the Bondholders for purchase in whole and not in part on each Mandatory Tender Date. The purchase price for each such Series K Bond shall be payable in lawful money of the United States of America by wire, check or draft, shall equal 100% of the principal amount to be purchased and accrued interest, if any, to the Mandatory Tender Date, and shall be paid in full on the applicable Mandatory Tender Date. Notwithstanding anything herein to the contrary, any Series K Bond tendered under this Section 3.05 will not be purchased if such Series K Bond matures or is redeemed on or prior to the applicable Mandatory Tender Date.

(b) Holding of Tendered Series K Bonds. While tendered Series K Bonds are in the custody of the Trustee pending purchase pursuant hereto, the tendering Bondholders thereof shall be deemed the owners thereof for all purposes, and interest accruing on tendered Series K Bonds through the day preceding the applicable Mandatory Tender Date is to be paid as if such Series K Bonds had not been tendered for purchase.

(c) Purchase of Tendered Series K Bonds. The Trustee shall utilize amounts representing proceeds of remarketed Series K Bonds on deposit in the Remarketing Proceeds Account to pay the principal amount, plus accrued interest, of Series K Bonds tendered for purchase not later than 11:30 a.m. Local Time on the Mandatory Tender Date.

(d) Cancellation of Remarketing. In the event the Series K Bonds must be redeemed as a result of the occurrence of any of the events listed in Section 3.01(f), the remarketing shall be cancelled and all Bonds outstanding on the Mandatory Tender Date shall be redeemed in accordance with Section 3.01(f).

(e) Undelivered Bonds. Series K Bonds shall be deemed to have been tendered for purposes of this Section 3.05 whether or not the Bondholders shall have delivered such undelivered Bonds to the Trustee, and subject to the right of the holders of such undelivered Bonds to receive the purchase price of such undelivered Bonds on the Mandatory Tender Date, such undelivered Bonds shall be null and void. If such undelivered Bonds are to be remarketed, the Trustee shall authenticate and deliver new Series K Bonds in replacement thereof pursuant to the remarketing of such undelivered Bonds.

Section 3.06. Notice of Mandatory Tender.

(a) Notice to Holders. No later than the 30th day prior to a Mandatory Tender Date, the Trustee shall give written notice of a mandatory tender on the Mandatory Tender Date to the holders of the Series K Bonds then Outstanding (with a copy to the Borrower, the Issuer, the Investor Limited Partner, and the Remarketing Agent) by first class mail, postage prepaid, at their respective addresses appearing on the Register stating:

(i) the Mandatory Tender Date and that (A) if certain conditions are met, all Outstanding Series K Bonds are subject to Mandatory Tender for purchase on the Mandatory Tender Date, (B) all Outstanding Series K Bonds must be tendered for purchase no later than 9:00 a.m., Local Time, on the Mandatory Tender Date and (C) Bondholders will not have the right to elect to retain their Series K Bonds;

(ii) the address of the designated corporate trust office of the Trustee at which Bondholders should deliver their Series K Bonds for purchase and the date of the required delivery;

(iii) that all Outstanding Series K Bonds will be purchased on the Mandatory Tender Date at a price equal to the principal amount of the Outstanding Bonds plus interest accrued to the Mandatory Tender Date;

(iv) that if, in the event that the conditions to remarketing set forth in Section 3.07(b) or Section 3.07(d) hereof are not met as set forth therein, or, if proceeds from the remarketing are insufficient to pay the purchase price of the Series K Bonds on the Mandatory Tender Date, all of the Series K Bonds will be redeemed, without further notice, on the Mandatory Tender Date; and

(v) that any Series K Bonds not tendered will nevertheless be deemed to have been tendered and will cease to bear interest from and after the Mandatory Tender Date.

(b) Second Notice. In the event that any Series K Bond required to be delivered to the Trustee for payment of the purchase price of such Series K Bond shall not have been delivered to the Trustee on or before the 30th day following a Mandatory Tender Date, the Trustee shall mail a second notice to the holder of the Bond at its address as shown on the Register setting forth the requirements set forth in this Indenture for delivery of the Series K Bond to the Trustee and stating that delivery of the Series K Bond to the Trustee (or compliance with the provisions of this Indenture concerning payment of lost, stolen or destroyed Bonds) must be accomplished as a condition to payment of the purchase price applicable to the Series K Bond.

(c) Failure to Give Notice. Neither failure to give or receive any notice described in this Section 3.06, nor the lack of timeliness of such notice or any defect in any notice (or in its content) shall affect the validity or sufficiency of any action required or provided for in this Section 3.06.

Section 3.07. Remarketing of Series K Bonds.

(a) Notice of Mandatory Tender. No later than 11:00 a.m. Local Time on the 35th day prior to each Mandatory Tender Date, the Trustee shall give notice to the Borrower and the Remarketing Agent by telephone or electronic mail, confirmed on the same day in writing, which states that all Outstanding Series K Bonds shall be tendered or deemed to be tendered pursuant to Section 3.05 hereof.

(b) Preliminary Conditions to Remarketing. No later than 11:00 a.m. Local Time on the 15th day prior to the Mandatory Tender Date then in effect, the Borrower may give written notice to the Remarketing Notice Parties by electronic mail that it elects to cause the Series K Bonds to be remarketed. A remarketing of the Series K Bonds shall be permitted only if the following conditions are satisfied no later than the time the foregoing election notice is given:

(i) notice by the Borrower to the Remarketing Agent of the Remarketing Period, approved in writing by the Remarketing Agent;

(ii) delivery to the Trustee and the Remarketing Agent of a preliminary Cash Flow Projection with respect to the proposed Remarketing Period; and

(iii) the Borrower shall have notified the Trustee in writing that it has approved as to form and substance any disclosure document or offering materials which, in the opinion of counsel to the Remarketing Agent, are necessary to be used in connection with the remarketing of the Outstanding Series K Bonds or that no such disclosure document or offering material are required.

If the foregoing conditions, including written notice from the Borrower to the Remarketing Notice Parties, are not satisfied by 11:00 a.m. Local Time on the 15th day prior to the Mandatory Tender Date then in effect, the remarketing shall be cancelled and the Series K Bonds shall be redeemed in accordance with Section 3.01(f).

(c) Establishment of Remarketing Rate. The Remarketing Agent shall establish the interest rate on the Series K Bonds Outstanding for each Remarketing Period at the Remarketing Rate in accordance with this Section 3.07. Not less than ten (10) Business Days preceding each Remarketing Date, the Remarketing Agent, taking into consideration prevailing market conditions, shall, using its best professional judgment, determine the minimum rate(s) of interest which, if borne by the Series K Bonds then Outstanding for the Remarketing Period specified by the Remarketing Agent at the direction of the Borrower as provided in this Section 3.07. The rate of interest determined in accordance with the previous sentence shall be the Remarketing Rate for the specified Remarketing Period; *provided* that if the rate of interest so determined for such period would exceed the maximum interest rate per annum permitted by applicable California law, the Series K Bonds Outstanding shall be remarketed for the longest Remarketing Period for which the minimum rate of interest that would enable such Bonds to be remarketed at a price equal to 100% of the principal amount of such Series K Bonds that would not exceed the maximum interest rate permitted by applicable California law. Notwithstanding the foregoing, if the rate of interest so determined for any Remarketing Period would exceed the maximum

interest rate permitted by applicable California law, the Series K Bonds Outstanding shall not be remarketed.

(d) Notice of Remarketing Rate. The Remarketing Agent shall, upon determination of the Remarketing Rate and Remarketing Period, immediately (and in no event later than the Business Day following the day on which the Remarketing Agent makes its determination of the Remarketing Rate and the Remarketing Period) give notice of its determination by telephone or telecopy, promptly confirmed in writing, to the Remarketing Notice Parties. The Remarketing Rate and the Remarketing Period shall be conclusive and binding upon the Trustee, the Issuer, the Borrower, the Investor Limited Partner and the Holders for the purposes of this Indenture.

(e) Remarketing. No later than the 10th day prior to each Mandatory Tender Date, the Remarketing Agent shall offer for sale and use its best efforts to sell the Series K Bonds Outstanding on the Mandatory Tender Date at a price equal to 100% of the principal amount of such Series K Bonds plus accrued interest on such Series K Bonds. No later than the Business Day following the day on which the Remarketing Agent makes its determination of the Remarketing Rate and the Remarketing Period, the Remarketing Agent shall give notice, by telephone or electronic mail, promptly confirmed in writing, to the Remarketing Notice Parties specifying the principal amount of Series K Bonds, if any, it has remarketed (including Series K Bonds to be purchased on the Mandatory Tender Date for its own account), the Remarketing Rate(s) and the Remarketing Period applicable to the Series K Bonds.

The Remarketing Agent shall have the right to remarket the Series K Bonds tendered pursuant to Section 3.05 hereof; *provided, however*, that no Series K Bond shall be remarketed unless all of the Outstanding Series K Bonds are remarketed and all such Series K Bonds shall be remarketed at a price not less than the amount equal to 100% of the principal amount thereof plus accrued interest (if any). The Remarketing Agent shall have the right to purchase any Series K Bond tendered or deemed tendered pursuant to Section 3.05 hereof at the purchase price thereof, and to thereafter sell such Series K Bond. Any such purchase shall constitute a remarketing hereunder.

The Remarketing Agent shall not remarket any Series K Bond to the Issuer, the Borrower, any guarantor of the Bonds or any person which is an “insider” of the Issuer, the Borrower, or any such guarantor within the meaning of the Bankruptcy Code.

(f) Final Conditions to Remarketing.

If, no later than four (4) Business Days prior to a Mandatory Tender Date:

(i) (1) the Remarketing Agent shall have notified the Trustee in writing of the remarketing of the Outstanding Series K Bonds and that the proceeds from the remarketing (including proceeds of remarketing of Outstanding Series K Bonds to be purchased by the Remarketing Agent on the Mandatory Tender Date for its own account) or other funds equal to the amount needed to purchase the remarketed Series K Bonds on the Mandatory Tender Date are expected to be available to the Trustee on the Mandatory Tender Date for deposit into the Remarketing Proceeds Account; and

(2) the Trustee shall have received written notice from the Remarketing Agent that the Remarketing Agent has received written confirmation from the Rating Agency that the then-current rating assigned to the Outstanding Series K Bonds will continue to be effective on the Remarketing Date.

(ii) If, no later than two (2) Business Days prior to a Mandatory Tender Date, there shall be on deposit with the Trustee, from Eligible Funds provided by or on behalf of the Borrower, any additional amount required to pay the Extension Deposit and the estimated Remarketing Expenses as determined by the Remarketing Agent and certified to the Trustee;

then the Trustee shall immediately give notice, by telephone or electronic mail, which notice shall be immediately confirmed in writing, to the Remarketing Agent, the Borrower and the Investor Limited Partner that (a) all conditions precedent to the remarketing of the Outstanding Series K Bonds have been satisfied and (b) the sale and settlement of the Outstanding Series K Bonds is expected to occur on the Mandatory Tender Date. Following the Trustee's notice, the Outstanding Series K Bonds shall be sold to the purchasers identified by the Remarketing Agent for delivery and settlement on the Mandatory Tender Date, and the Trustee shall apply (i) the funds in the Remarketing Proceeds Account of the Revenue Fund on the Remarketing Date to payment of the purchase price of the Outstanding Series K Bonds and (ii) the funds in the Remarketing Expense Account to payment of the Remarketing Expenses.

(g) Remarketing Proceeds. On or before the Business Day next preceding each Remarketing Date, the Remarketing Agent shall pay to the Trustee, in immediately available funds, the proceeds theretofore received by the Remarketing Agent from the remarketing of Series K Bonds tendered for purchase on such Mandatory Tender Date. The proceeds from the remarketing of the Series K Bonds shall be deposited into the Remarketing Proceeds Account, segregated from any funds of the Borrower and the Issuer and shall in no case be considered to be or be assets of the Borrower or the Issuer. Funds representing remarketing proceeds received by the Remarketing Agent after 10:00 a.m. Local Time on each Mandatory Tender Date shall be paid to the Trustee as soon as practicable upon such receipt.

(h) Delivery of Purchased Bonds. No later than the 10th day prior to each Mandatory Tender Date, the Remarketing Agent, by telephonic advice or electronic mail, shall notify the Trustee of (i) the principal amount of Series K Bonds to be sold by the Remarketing Agent pursuant to this Section 3.07 and the purchase price, and, unless the Series K Bonds are then in the book-entry system, the names, addresses and social security numbers or other tax identification numbers of the proposed purchasers thereof and (ii) the principal amount of Series K Bonds tendered for purchase on such Mandatory Tender Date which will not be sold by the Remarketing Agent pursuant to this Section 3.07. Such telephonic advice shall be confirmed by written notice delivered or electronically communicated at the same time as the telephonic advice.

Series K Bonds purchased by the Trustee on a Mandatory Tender Date that have been remarketed shall be delivered to the purchasers thereof as directed by the Remarketing Agent.



Series K Bonds delivered as provided in this Section shall be registered in the manner directed by the recipient thereof.

Section 3.08. Cancellation. All Bonds which have been redeemed, paid or retired or received by the Trustee for exchange shall not be reissued but shall be canceled and held by the Trustee in accordance with Section 2.09 hereof.

#### ARTICLE IV

#### DELIVERY OF MBS

Section 4.01. Conversion Prior to Initial Termination Date; Delivery of MBS.

(a) If the Conversion Date occurs prior to the Initial Termination Date and Eligible Investments must be liquidated to purchase the MBS, the Borrower shall cause to be delivered to the Trustee (i) a Cash Flow Projection and (ii) Eligible Funds, if any, as set forth in the Cash Flow Projection.

(b) The MBS shall be registered in the name of the Trustee or its designee. The obligation of the Trustee to purchase the MBS on the MBS Delivery Date shall be subject to receipt by the Trustee of written notification from the Lender upon which the Trustee may rely and act without further investigation certifying that the MBS duly executed by Fannie Mae is available for purchase by the Trustee at the MBS Purchase Price, and meets the following requirements:

(i) the principal amount of the MBS will equal from time to time the then-current principal amount of the Series J Bonds, except for principal payments received which have not been remitted to owners of the Series J Bonds;

(ii) the MBS shall bear interest at the Pass-Through Rate payable on the 25th day of each month, commencing on the 25th day of the month following the month in which the Trustee purchases the MBS, or if any such 25th day is not a Business Day, the next succeeding Business Day, and have a final maturity date that is the same as the Bond Maturity Date;

(iii) the MBS shall provide that timely payment of principal (whether on any scheduled Payment Date or prior thereto upon any mandatory prepayment of the Mortgage Note or upon any optional prepayment of the Mortgage Note or upon declaration of acceleration following a default thereunder and interest on the MBS) is guaranteed to the record owner of the MBS, regardless of whether corresponding payments of principal and interest on the Permanent Loan are paid when due; and

(iv) the MBS shall be acquired by the Trustee on behalf of the Issuer, shall be held at all times by the Trustee in trust for the benefit of the Bondholders and shall be held only in book-entry form through the United States Federal Reserve Bank book-entry system, pursuant to which the MBS shall have been registered on the records of the Federal Reserve Bank in the name of the Trustee.

The Trustee shall receive confirmation in writing that the Depository is holding the MBS on behalf of, and has identified the MBS on its records as belonging to, the Trustee. Upon purchase of the MBS on the MBS Delivery Date, the Trustee shall post a notification to this effect on the Electronic Municipal Market Access website of the Municipal Securities Rulemaking Board.

## ARTICLE V

### TRUST ESTATE AND FUNDS

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

Section 5.02. Establishment of Funds. The Trustee shall establish, maintain and hold in trust the following funds, each of which shall be maintained by the Trustee as a separate and distinct fund or account, and each of which shall be disbursed and applied only as herein authorized:

(a) Revenue Fund, including therein (i) a Series J Revenue Fund Account; (ii) a Series K Revenue Fund Account; (iii) a Series J Negative Arbitrage Account; (iv) a Series K Negative Arbitrage Account; and (v) a Remarketing Proceeds Account;

(b) Bond Proceeds Fund, including therein (i) a Series J Bond Proceeds Fund Account, and (ii) a Series K Bond Proceeds Fund Account;

(c) Collateral Fund, including therein (i) a Series J Collateral Fund Account and (ii) a Series K Collateral Fund Account;

(d) [Borrower Equity Fund;]

(e) Costs of Issuance Fund, and therein, a Remarketing Expense Account;

(f) Rebate Fund; and

(g) Administration Fund.

Section 5.03. Application of Funds on MBS Delivery Date. On the MBS Delivery Date, the Trustee shall remit to the Permanent Lender as payment for the MBS, an amount equal to the aggregate principal amount of the MBS (from amounts on deposit in the Series J Collateral Fund

Account and, to the extent sufficient funds are not otherwise available in the Series J Collateral Fund Account, from the Series J Bond Proceeds Fund Account upon delivery of a Bond Counsel Opinion as to no material adverse effect on the exclusion of interest on the Bonds), plus accrued and unpaid interest on the MBS at the Pass-Through Rate from the first of the month in which the MBS was delivered (from amounts in the Series J Negative Arbitrage Account of the Revenue Fund).

Section 5.04. Initial Deposits. On the Closing Date, the Trustee shall make the following deposits:

(a) \$\_\_\_\_\_, representing the Costs of Issuance Deposit, shall be deposited into the Costs of Issuance Fund;

(b) \$60,006,000, representing the principal amount of the Series J Bonds, shall be deposited into the Series J Bond Proceeds Fund Account to be used as set forth in this Article V;

(c) \$24,834,000, representing the principal amount of the Series K Bonds, shall be deposited into the Series K Bond Proceeds Fund Account to be used as set forth in this Article V;

(d) \$\_\_\_\_\_, representing the Series J Negative Arbitrage Deposit, shall be deposited into the Series J Negative Arbitrage Account of the Revenue Fund, consisting of \$\_\_\_\_\_ of proceeds of the Series K Bonds and \$\_\_\_\_\_ of Eligible Funds provided on behalf of the Borrower;

(e) \$\_\_\_\_\_, representing the Series K Negative Arbitrage Deposit, shall be deposited into the Series K Negative Arbitrage Account of the Revenue Fund; and

(f) [\$84,840,000], representing the proceeds of the Construction Loan shall be deposited into the Series K Collateral Fund Account.

Section 5.05. Revenue Fund.

(a) Following the transfer to the applicable Account of the Revenue Fund of investment earnings from any Eligible Investments, as provided in Section 5.16 hereof, (i) prior to the MBS Delivery Date, the Trustee shall disburse from the Series J Revenue Fund Account (and, to the extent amounts in the Series J Revenue Fund Account, are insufficient for such purposes, from the Series J Negative Arbitrage Account), on each Series J Bond Payment Date an amount equal to the amount of principal and interest due on the Series J Bonds pursuant to the Permanent Loan Amortization Schedule and (ii) on each Series K Bond Payment Date, the Trustee shall disburse from the Series K Revenue Fund Account (and, to the extent amounts in the Series K Revenue Fund Account are insufficient for such purposes, from the Series K Negative Arbitrage Account) an amount equal to the amount of principal and interest due on the Series K Bonds.

(b) There shall be deposited into the Series J Negative Arbitrage Account and the Series K Negative Arbitrage Account of the Revenue Fund, as applicable, as and when received, (i) the Series J Negative Arbitrage Deposit and the Series K Negative Arbitrage Deposit, and (ii) any Extension Deposit. Upon the redemption of the Series K Bonds in full, or following the

Bond Maturity Date for the Series K Bonds, any funds then remaining unexpended after payment in full of the Series K Bonds in the Series K Revenue Fund Account and the Series K Negative Arbitrage Account shall be transferred to the Series J Revenue Fund Account and the Series J Negative Arbitrage Account, as applicable, and the Series K Negative Arbitrage Account shall be closed.

(c) There shall be deposited into the Series K Revenue Fund Account all amounts paid by the Borrower pursuant to the Financing Agreement.

(d) There shall be deposited into the Series J Revenue Fund Account, as and when received, (i) following the MBS Delivery Date, all moneys received by the Trustee representing principal payments or repayments, and premium, if any, under the MBS, together with all other amounts required pursuant to this Indenture to be deposited therein, (ii) any other amounts specified in this Indenture, and (iii) all moneys received by the Trustee representing interest payments under the MBS, to be held therein pending distribution in accordance with the terms hereof.

(e) On the MBS Delivery Date, the Trustee shall remit from the Series J Revenue Fund Account (and, to the extent amounts in the Series J Revenue Fund Account, are insufficient for such purposes, from the Series J Negative Arbitrage Account) to the Permanent Lender accrued and unpaid interest on the MBS at the Pass-Through Rate from the first calendar day of the month in which the MBS was delivered.

(f) On the first Business Day following the Payment Date in the first full month following the MBS Delivery Date, the Trustee shall return to the Borrower any amounts then on deposit in the Series J Negative Arbitrage Account of the Revenue Fund and shall immediately close such account.

(g) On the first Business Day following receipt of any MBS Revenues and the deposit thereof into the Series J Revenue Fund Account pursuant to subsection (e) above, the Trustee shall pay to the Series J Bond owners all amounts so received from money on deposit in the Series J Revenue Fund Account. All payments of principal and interest shall be paid to Bond owners in proportion to the principal amount of Bonds owned by each Bond owner as set forth on the records of the Trustee at the close of business on the applicable Record Date.

(h) If the Trustee does not receive a scheduled payment on the MBS by 5:00 p.m. Eastern Time on the 25th day of any month (or the next succeeding Business Day if such day of the month is not a Business Day), the Trustee shall immediately notify Fannie Mae and immediately demand payment under the terms of the guaranty thereof.

(i) [The \$\_\_\_\_\_ of funds derived from the proceeds of the Series K Bonds on deposit in the Series J Negative Arbitrage Account shall be used prior to any other funds to pay interest on the Series J Bonds prior to the end of the construction period for the Project.]

Section 5.06. Rebate Fund. The Rebate Fund shall not be subject to the lien or encumbrance of this Indenture, but shall be held in trust for the benefit of the United States of America, and shall be subject to the claim of no other person, including that of the Trustee and

Bondholders. The interest on any Eligible Investments representing an investment of moneys in the Rebate Fund and any profit arising from the sale thereof shall be retained in the Rebate Fund. Any moneys deposited therein in accordance with the provisions of this Indenture shall be used for no other purpose than to make payments to the United States Treasury, at the time and in the manner and amount specified in Section 9.12.

Section 5.07. Costs of Issuance Fund. The Cost of Issuance Fund, including the Remarketing Expense Account therein, shall not be subject to the lien or encumbrance of this Indenture. On or before the Closing Date, the Borrower shall deliver to the Trustee the Costs of Issuance Deposit, from amounts other than Bond proceeds, to be deposited to the Costs of Issuance Fund to pay Costs of Issuance incurred in connection with the issuance of Bonds. The Trustee shall use amounts in the Costs of Issuance Fund on the Closing Date or as soon as practicable thereafter in accordance with written instructions to be given to the Trustee by the Borrower, upon delivery to the Trustee of appropriate invoices for such expenses. Any unexpended amounts attributable to deposits made by the Borrower remaining on deposit in the Costs of Issuance Fund three months after the Closing Date shall be returned to the Borrower.

Any funds received by the Trustee in connection with an extension of the Mandatory Tender Date pursuant to Section 3.07 hereof designated in writing for the payment of Remarketing Expenses shall be deposited into the Remarketing Expense Account of the Costs of Issuance Fund. The Trustee shall apply money on deposit in the Remarketing Expense Account solely for the purpose of paying Remarketing Expenses. To the extent money in the Remarketing Expense Account is not sufficient to pay the foregoing fees and expenses, such deficiency shall be paid by the Borrower pursuant to Section 4.02 of the Financing Agreement immediately upon written demand.

Section 5.08. Bond Proceeds Fund. Upon (a) deposit of Eligible Funds (other than proceeds of the Bonds) into the applicable Account of the Collateral Fund, if any, as provided in Section 5.09 hereof, (b) delivery of a corresponding Requisition executed by an Authorized Borrower Representative (and approved by the Lender and Issuer Servicer) and (c) subject to the provisions of this Section 5.08 hereof, the Trustee shall disburse proceeds of the Series J Bonds or Series K Bonds, as applicable, in an amount equal to such corresponding deposit made into the applicable Account of the Collateral Fund to fund Project Costs pursuant to such Requisition. Prior to making any such disbursement from the applicable Account of the Bond Proceeds Fund, the Trustee shall confirm that, with respect to each of the Series J Bonds and the Series K Bonds, as applicable, the aggregate amount, including projected investment earnings shown in the Cash Flow Projection delivered at closing (upon which the Trustee may conclusively rely for this confirmation without further calculation of review), that will be held in (a) the applicable Account of the Collateral Fund, (b) the applicable Account of the Bond Proceeds Fund, and (c) the Series J Negative Arbitrage Account and the Series K Negative Arbitrage Account, after the requested disbursement and subject to reallocation as provided in Section 5.21, will at least equal the principal and interest due on the Series J Bonds and the Series K Bonds, as applicable, to the Initial Termination Date and, notwithstanding anything to the contrary, the Trustee shall not disburse money from the Bond Proceeds Fund (other than to pay amounts due on the Bonds pursuant to Section 3.01 hereof), unless and until Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited into the applicable Account of the Collateral Fund. To the extent money on deposit in the applicable Account in the Bond Proceeds

Fund is invested in Eligible Investments that have not yet matured, the Trustee is hereby authorized to reallocate the Eligible Investments in accordance with Section 5.21 hereof.

Upon the satisfaction of the provisions set forth in this Section, the Trustee shall be irrevocably and unconditionally obligated to disburse Bond proceeds from the applicable Account in the Bond Proceeds Fund equal to either the amount deposited to the applicable Account of the Collateral Fund, as set forth in the corresponding Requisition and to the extent the Trustee is unable to do so, the Trustee shall return the amount deposited into the applicable Account of the Collateral Fund, within one Business Day of receipt of such deposit, to the party that made such deposit as set forth in the Requisition.

The Trustee shall not disburse any amounts on deposit in the Series J Bond Proceeds Fund Account until all amounts on deposit in the Series K Bond Proceeds Fund Account have been applied to pay Project Costs. Upon the disbursement of all amounts on deposit in the Series K Bond Proceeds Account, such account shall be closed.

To the extent sufficient Eligible Funds are not otherwise available to the Trustee, including money on deposit in the applicable Account of the Revenue Fund, the applicable Account of the Collateral Fund or the Series J Negative Arbitrage Account or the Series K Negative Arbitrage Account, as applicable, of the Revenue Fund, the Trustee shall transfer from the applicable Account of the Bond Proceeds Fund to the applicable Account of the Revenue Fund sufficient money to pay amounts due on the Series J Bonds or Series K Bonds, as applicable, pursuant to Section 3.01.

On the MBS Delivery Date, amounts remaining in the Series J Bond Proceeds Fund Account of the Bond Proceeds Fund shall be used by the Trustee, subject to the provisions of Section 5.03 hereof, in the following order: (i) to the extent sufficient funds are not otherwise available in the Series J Collateral Fund Account, to pay the MBS Purchase Price, (ii) to transfer funds to the Series J Revenue Fund Account in an amount equal to the difference, if any, between (x) the aggregate principal amount of the Bonds Outstanding as of the first day of the month in which the MBS Delivery Date occurs and (y) the principal amount of the MBS purchased on the MBS Delivery Date, plus interest accrued but unpaid to the redemption date, for redemption pursuant to Section 3.01(c) hereof, and (iii) to pay any remaining Project Costs as approved by the Lender in writing. Upon the disbursement of all amounts on deposit in the Series J Bond Proceeds Account, such account shall be closed.

Section 5.09. Collateral Fund. The Trustee shall deposit into the applicable Account of the Collateral Fund all Eligible Funds (other than proceeds of the Bonds) received pursuant to Section 4.07 of the Financing Agreement, and any other Eligible Funds received by the Trustee for deposit into the applicable Account of the Collateral Fund. Section 4.07 of the Financing Agreement requires the Borrower to cause Eligible Funds to be paid to the Trustee for deposit into the applicable Account of the Collateral Fund in a principal amount equal to, and as a prerequisite to the disbursement of, the corresponding amount of Series J Bond proceeds and Series K Bond proceeds, as applicable, on deposit in the applicable Account of the Bond Proceeds Fund to be disbursed by the Trustee to pay Project Costs.

Subject to the provisions hereof, (i) until the purchase of the MBS on the MBS Delivery Date, each deposit into the Series J Collateral Fund Account shall constitute an irrevocable deposit solely for the benefit of the holders of the Series J Bonds, and (ii) each deposit into the Series K Collateral Fund Account shall constitute an irrevocable deposit solely for the benefit of the holders of the Series K Bonds.

Money in the Collateral Fund shall be used by the Trustee as follows: (i) to the extent money is not otherwise available, the Trustee shall transfer from the applicable Account of the Collateral Fund to the applicable Account of the Revenue Fund an amount necessary to pay amounts due on the applicable Bonds pursuant to Section 3.01 hereof, and (ii) on the MBS Delivery Date, the Trustee shall use money in the Series J Collateral Fund Account (and, to the extent there are not sufficient funds on deposit in the Series J Collateral Fund Account, first from the Series J Negative Arbitrage Account and second from the Series J Bond Proceeds Fund Account) to pay for the principal amount of the MBS.

The Bonds shall not be, and shall not be deemed to be, paid or prepaid by reason of any deposit into the Collateral Fund unless and until the amount on deposit in the applicable Account of the Collateral Fund is transferred to the applicable Account of the Revenue Fund and applied to the payment of the principal of any of the Bonds, or the principal component of the redemption price of any of the Bonds, all as provided in this Indenture.

On the Business Day following each disbursement from the applicable Account of the Bond Proceeds Fund, to the extent that the aggregate principal amount held in both (a) the applicable Account of the Collateral Fund and (b) the applicable Account of the Bond Proceeds Fund, after the requested disbursement, exceeds the then-Outstanding principal amount of the Bonds, such excess shall be retained in the applicable account of the Collateral Fund.

On the Business Day following the retirement in full of the Series K Bonds either by reason of the redemption thereof or if later, the Bond Maturity Date, any funds then remaining in the Series K Collateral Account shall be transferred to the Series J Collateral Account and the Series K Collateral Account shall be closed.

On the first Business Day of the month following the month in which the Series J Bonds are either redeemed in full for failure to deliver the MBS or the MBS has been delivered to the Trustee, any funds then remaining in the Series J Collateral Account shall be disbursed to or at the direction of the Borrower and the Series J Collateral Account shall be closed.

Section 5.10. Borrower Equity Fund. [The Borrower shall cause to be deposited with the Trustee the Borrower Equity Amount for deposit to the Borrower Equity Fund. Amounts on deposit in the Borrower Equity Fund shall be disbursed to pay Project Costs upon receipt of a Requisition approved by the Lender and Issuer Servicer. Once all Project Costs have been paid or accounted for, as certified in writing by the Borrower and approved by the Lender and Issuer Servicer, any funds remaining in the Borrower Equity Fund shall be disbursed to the Borrower and the Borrower Equity Fund shall be closed.]

Section 5.11. [Reserved].

Section 5.12. Administration Fund. The Administration Fund shall not be subject to the lien or encumbrance of this Indenture. The Trustee shall deposit into the Administration Fund, promptly upon receipt thereof, all amounts received from the Borrower and designated for deposit into such Fund. Amounts in the Administration Fund shall be withdrawn or maintained, as appropriate, by the Trustee and used FIRST, to pay to the Trustee when due the Trustee Fee; SECOND, to pay to the Issuer when due the Ongoing Issuer Fee portion of the Issuer Fee; THIRD, to pay when due the fees of the Rebate Analyst as required by the Tax Certificate and all out-of-pocket expenses of the Rebate Analyst; FOURTH, to pay to the Trustee all amounts required to reimburse the Trustee for all out of-pocket expenses, fees, costs and other charges, including reasonable counsel fees and taxes (excluding income, value added and single business taxes), reasonably and necessarily incurred by the Trustee in performing its duties as Trustee under this Indenture, to the extent not included in the Trustee Fee; FIFTH, to pay all taxes and assessments of any type or character charged to the Issuer or to the Trustee affecting the amount available to the Issuer or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby or thereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; *provided, however*, that the Borrower shall have the right to protest any such taxes or assessments and to require the Issuer or the Trustee, at the Borrower's expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Issuer or the Trustee; and SIXTH, to pay to the Issuer the reasonable fees and expenses of the Issuer or any agents, attorneys, accountants, consultants selected by the Issuer to act on its behalf in connection with the Financing Documents, the Permanent Loan Documents or the Bonds, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds or in connection with any litigation which may at any time be instituted involving the Financing Documents, the Permanent Loan Documents or the Bonds or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the foregoing, but excluding the Issuer Fee.

In the event that the amounts on deposit in the Administration Fund are not equal to the amounts payable from the Administration Fund as provided in the preceding paragraph on any date on which such amounts are due and payable, the Trustee shall give notice to the Borrower of such deficiency and of the amount of such deficiency and request payment within two (2) Business Days to the Trustee of the amount of such deficiency. Upon payment by the Borrower of such deficiency, the amounts for which such deficiency was requested shall be paid by the Trustee.



Section 5.13. [Reserved].

Section 5.14. Accounting Records. The Trustee shall maintain accurate books and records for all Funds and Accounts established hereunder.

Section 5.15. Amounts Remaining in Funds. After full payment of the Bonds (or provision for payment thereof having been made in accordance with Section 7.01) and full payment of the fees and expenses of the Trustee and other amounts required to be paid hereunder and under the Financing Agreement including fees payable to the Issuer and Fannie Mae, any amounts remaining in any Fund hereunder other than the Rebate Fund shall be paid to the Lender for the payment of any amounts due and payable to the Lender and/or Fannie Mae and thereafter, to the Borrower; *provided, however*, that if a default shall have occurred and remain uncured under the Permanent Loan of which the Trustee shall have received written notice from Fannie Mae or the Lender, then any such amounts remaining in any Fund or Account hereunder shall be paid to Fannie Mae.

Section 5.16. Investment of Funds. The moneys held by the Trustee shall constitute trust funds for the purposes hereof. Any moneys attributable to each of the Funds and Accounts hereunder shall be invested by the Trustee at the written direction of the Borrower in Eligible Investments which, except as otherwise provided in this Section 5.16, mature or are redeemable at par without penalty on the date on which such funds are expected to be needed for the purposes for which they are held. Notwithstanding anything herein to the contrary except as otherwise set forth in this sentence, all amounts in the Bond Proceeds Fund, the Revenue Fund and the Collateral Fund shall be invested solely in Eligible Investments; *provided, however*, that following the MBS Delivery Date, payments received with respect to the MBS shall be held uninvested. All investment earnings from amounts on deposit in the Bond Proceeds Fund, the Revenue Fund and the Collateral Fund shall be credited to the applicable Account of the Revenue Fund. If the Trustee does not receive written direction from the Borrower regarding the investment of funds, the Trustee shall invest solely in Eligible Investments described in clause (b) of the definition of Eligible Investments herein, which shall mature or be redeemable at par without penalty at the times set forth in this Section 5.12. The Trustee may make any and all such investments through its own banking department or the banking department of any affiliate.

Eligible Investments representing an investment of moneys attributable to any Fund or Account shall be deemed at all times to be a part of such Fund. Subject to the following sentence, investments shall be sold at the best price obtainable whenever it shall be necessary to do so in order to provide moneys to make any transfer, withdrawal, payment or disbursement from such Fund. With respect to the Series J Bonds, prior to the MBS Delivery Date, at the written direction of the Borrower, the Trustee is permitted to invest in Eligible Investments that mature on or before the MBS Delivery Date Deadline but is not permitted to sell or otherwise dispose of such Eligible Investment prior to the maturity of such Eligible Investment without first receiving (i) a Cash Flow Projection and (ii) Eligible Funds, if any, as set forth in the Cash Flow Projection. With respect to the Series K Bonds, prior to the Initial Mandatory Tender Date, at the written direction of the Borrower, the Trustee is permitted to invest in Eligible Investments that mature on or before the Initial Mandatory Tender Date but is not permitted to sell or otherwise dispose of such Eligible Investment prior to the maturity of such Eligible Investment without first receiving (i) a Cash Flow Projection, and (ii), Eligible Funds, if any, as set forth in

the Cash Flow Projection. In the case of any required transfer of moneys to another such Fund, such investments may be transferred to that Fund in lieu of the required moneys if permitted hereby as an investment of moneys in that Fund.

All Eligible Investments acquired by the Trustee pursuant hereto shall be purchased in the name of the Trustee and shall be held for the benefit of the Bondholders pursuant to the terms of this Indenture. The Trustee shall take such actions as shall be necessary to assure that such Eligible Investments are held pursuant to the terms of this Indenture and are subject to the trust and security interest herein created.

The Trustee shall not be liable or responsible for any loss resulting from any investment made in accordance herewith. The Trustee or its affiliates may act as sponsor, principal or agent in the acquisition or disposition of investments. The Trustee may commingle investments made under the Funds and Accounts established hereunder, but shall account for each separately.

In computing for any purpose hereunder the amount in any Fund or Account on any date, obligations so purchased shall be valued at the lower of cost or par exclusive of accrued interest, and may be so valued as of any time within four (4) days prior to such date.

The Issuer acknowledges that regulations of the Comptroller of the Currency grant the Borrower the right to receive brokerage confirmations of the security transactions as they occur. The Borrower specifically waives such notification to the extent permitted by law and will receive periodic cash transaction statements that will detail all investment transactions.

Section 5.17. Moneys Held for Particular Bonds. The amounts held by the Trustee for the payment of the interest, principal or premium, if any, due on any date with respect to particular Bonds shall, pending such payment, be set aside and held in trust by it for the Bondholders entitled thereto, and for the purposes hereof such interest, principal or premium, if any, after the due date thereof, shall no longer be considered to be unpaid.

Section 5.18. Funds Held in Trust. All moneys held by the Trustee, as such, at any time pursuant to the terms of this Indenture shall be and hereby are assigned, transferred and set over unto the Trustee in trust for the purposes and under the terms and conditions of this Indenture.

Section 5.19. Reports From the Trustee. The Trustee shall furnish to the Borrower (and to Fannie Mae, the Permanent Lender, the Construction Lender (but only prior to the Conversion Date), the Investor Limited Partner and the Issuer upon request) quarterly statements of the activity and assets held in each of the Funds and Accounts maintained by the Trustee hereunder. Upon the written request of the owner of a Bond, the Trustee, at the cost of the Borrower, shall provide a copy of such statement to the owner of the Bond.

Section 5.20. Covenants Respecting Arbitrage and Rebate. The Trustee shall keep and make available to the Borrower such records concerning the investment of the gross proceeds of the Bonds and the investments of earnings from those investments as may be requested by the Borrower in order to enable the Borrower to fulfill the requirements of Section 148(f) of the Code. The Trustee expressly covenants and agrees to all document retention and reporting requirements contained in the Tax Certificate.

Section 5.21. Allocation and Reallocation of Government Obligations Deposited to the Collateral Fund and the Project Fund. On the Closing Date, the Trustee shall allocate ownership of the Eligible Investments acquired pursuant to this Article V hereof and deposited for the benefit of the Bond Proceeds Fund and the Collateral Fund as follows: The Trustee shall allocate to the appropriate account in the Collateral Fund a percentage of such Eligible Investments equal to the amount of Eligible Funds delivered to the Trustee for deposit to the Collateral Fund on the Closing Date divided by the aggregate Outstanding principal amount of the applicable series of Bonds and multiplied by 100 (the "Initial Collateral Fund Percentage") and the remainder (i.e., 100% minus the Initial Collateral Fund Percentage, referred to as the "Initial Bond Proceeds Fund Percentage") shall be allocated to the appropriate account in the Project Fund. On each subsequent month when an additional Eligible Funds are delivered for deposit to the appropriate account of the Collateral Fund (the "Subsequent Allocation Date"), the dollar amount of such Eligible Funds shall be added to all prior deposits of Eligible Funds, and the percentage of such Eligible Investments allocated to the appropriate account in the Collateral Fund shall be adjusted to that percentage equal to the aggregate Eligible Funds through such date divided by the aggregate Outstanding principal amount of the Bonds and multiplied by 100 (the "Collateral Fund Percentage") and the remainder (i.e., 100% minus the Collateral Fund Percentage, referred to as the "Bond Proceeds Fund Percentage") shall be allocated to the appropriate account in the Bond Proceeds Fund. On each Subsequent Allocation Date, the Trustee shall be deemed to have liquidated that portion of the Eligible Investments allocated to the appropriate account in the Bond Proceeds Fund and purchased equivalent Eligible Investments to be allocated to the appropriate account in the Collateral Fund.

## ARTICLE VI

### COVENANTS OF ISSUER

Section 6.01. Payment of Bonds. Subject to the other provisions of this Indenture, the Issuer shall duly and punctually pay or cause to be paid, solely from amounts available in the Trust Estate, the principal of, premium, if any, and interest on the Bonds, at the dates and places and in the manner described in the Bonds, according to the true intent and meaning thereof. The Bonds are not a general obligation of the Issuer and are payable solely from the Trust Estate.

The payment and other obligations of the Issuer with respect to the Bonds are intended to be, and shall be, independent of the payment and other obligations of the issuer or maker of the Bond Loan Notes, the Mortgage Note and the MBS, even though the principal amount of all three instruments is expected to be identical, except in the case of a default with respect to one or more of the instruments.

Section 6.02. Performance of Covenants by Issuer.

(a) In General. The Issuer covenants that it will faithfully perform on its part at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining thereto; *provided, however*, that, except for the matters set forth in Section 6.01 hereof relating to payment of the Bonds, the Issuer will not be obligated to take any action or execute any instrument pursuant to any provision hereof until it has been requested to

do so by the Borrower or by the Trustee, or has received the instrument to be executed and, at the option of the Issuer, has received from the party requesting such execution assurance satisfactory to the Issuer that the Issuer will be reimbursed for its reasonable expenses incurred or to be incurred in connection with taking such action or executing such instrument. The Issuer has power and lawful authority to adopt the Resolution, to execute and deliver the Issuer Documents; to issue the Bonds and receive the proceeds of the Bonds; to apply or cause to be applied the proceeds of the Bonds to make the Bond Loans; to assign the revenues derived and to be derived by the Issuer from the Bond Loans to the Trustee; and to perform and observe the provisions of the Issuer Documents and the Bonds on its part to be performed and observed.

(b) Prohibited Activities. Subject to the limitations on its liability as stated herein, the Issuer represents, warrants, covenants and agrees that it has not knowingly engaged and will not knowingly engage in any activities and that it has not knowingly taken and will not knowingly take any action which might result in any interest on the Bonds becoming includable in the gross income of the owners thereof for purposes of federal income taxation.

(c) Rights Under Financing Agreement. The Financing Agreement sets forth covenants and obligations of the Issuer and the Borrower, and reference is hereby made to the same for a detailed statement of said covenants and obligations. The Issuer agrees to cooperate in the enforcement of all covenants and obligations of the Borrower under the Financing Agreement and agrees that the Trustee, in its name, may enforce all rights of the Issuer (other than the Reserved Rights) and all obligations of the Borrower under and pursuant to the Financing Agreement and on behalf of the Bondholders, whether or not the Issuer has undertaken to enforce such rights and obligations.

(d) Issuer's Further Assurance. The Issuer covenants that it will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered by the parties within its control, such instruments supplemental hereto and such further acts, instruments, and transfers as the Trustee may reasonably require for the better assuring, transferring, mortgaging, conveying, pledging, assigning, and confirming unto the Trustee, the Issuer's interest in and to all interests, revenues, proceeds, and receipts pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds in the manner and to the extent contemplated herein. The Issuer shall be under no obligation to prepare, record, or file any such instruments or transfers.

(e) Unrelated Bond Issues. The Issuer, prior to the issuance of the Bonds, has issued, and subsequent to the issuance of the Bonds, the Issuer expects to issue various series of bonds in connection with the financing of other projects (said bonds together with any bonds issued by the Issuer between the date hereof and issuance of the Bonds shall be referred to herein as the "Other Bonds"). Any pledge, mortgage, or assignment made in connection with any Other Bonds shall be protected, and any funds pledged or assigned for the payment of principal, premium, if any, or interest on the Other Bonds shall not be used for the payment of principal, premium, if any, or interest on the Bonds. Correspondingly, any pledge, mortgage, or assignment made in connection with the Bonds shall be protected, and any funds pledged or assigned for the payment of the Bonds shall not be used for the payment of principal, premium, if any, or interest on the Other Bonds.

Section 6.03. Tax Covenants. The Issuer shall not take any action that will cause the interest paid on the Bonds to be includable in gross income for federal income tax purposes. In furtherance of the foregoing covenant, the Issuer hereby particularly covenants and agrees with the holders of the Bonds as follows:

(a) No part of the proceeds of the Bonds or any other funds of the Issuer shall be used by the Issuer at any time directly or indirectly to acquire securities or obligations, the acquisition of which, or which in any other manner, would cause any Bond to be an arbitrage bond as defined in Section 148 of the Code and any applicable Regulations promulgated thereunder.

(b) The Issuer will not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code and any applicable Regulations promulgated thereunder.

In the event of a conflict between the provisions of this Section 6.03 and the Tax Certificate, the provisions of the Tax Certificate shall control.

Section 6.04. Compliance with Conditions Precedent. Upon the Closing Date, all conditions, acts and things required by law regarding the Issuer to exist, to have happened or to have been performed precedent to or in the issuance of such Bonds shall exist, shall have happened and shall have been performed, and such Bonds, together with all other indebtedness of the Issuer, shall be within every debt and other limit prescribed by law.

Section 6.05. Extension of Payment of Bonds. The Issuer shall not directly or indirectly extend or assent to the extension of the maturity of the principal due on any of the Bonds or the time of payment of interest due on the Bonds, and if the time for payment of any such claims for interest shall be extended through any other means, such Bonds or claims for interest shall not be entitled in case of any default hereunder to any payment out of the Trust Estate or the funds (except funds held in trust for the payment of particular Bonds pursuant hereto) held by the Trustee, except subject to the provisions of Section 7.02 and subject to the prior payment of the principal of all Bonds issued and Outstanding the maturity of which has occurred and has not been extended and of such portion of the accrued interest on the Bonds which is not represented by such extended claims for interest.

If an Extension Deposit has not been made pursuant to Sections 3.04 and 5.05(b) hereof, such that the aggregate balance in the Series J Bond Proceeds Fund Account, the Series J Collateral Fund Account and the Series J Revenue Fund Account is equal to 100% of the principal amount of the Series J Bonds plus interest accrued on the Series J Bonds to the date which is five (5) calendar days following the MBS Delivery Date Deadline (as such date may be extended hereunder), then the Series J Bonds shall be subject to mandatory redemption as set forth in Section 3.01(b) hereof.

Section 6.06. Reserved.

Section 6.07. Powers as to Bonds and Pledge. The Issuer is duly authorized to pledge, assign, transfer and set over unto the Trustee in trust the Trust Estate herein purported to be so pledged, assigned, transferred and set over unto the Trustee in trust hereby in the manner and to the extent provided herein. The Trust Estate so pledged, assigned, transferred and set over in

trust is and will be free and clear of any pledge, lien, charge or encumbrance thereon with respect thereto prior to, or of equal rank with, the pledge and assignment in trust created hereby, and all action on the part of the Issuer to that end has been duly and validly taken. The Bonds and the provisions hereof are and will be the valid and binding limited obligations of the Issuer in accordance with their terms and the terms hereof. The Trustee shall at all times, to the extent permitted by law, defend, preserve and protect the pledge and assignment in trust of the Trust Estate created hereby and all the rights of the Bondholders hereunder against all claims and demands of all persons whomsoever. The Bonds shall not be deemed to constitute a debt or liability of the State of California or any political subdivision thereof, other than the Issuer to the limited extent herein provided, or a pledge of the faith and credit or the taxing power of the State of California or of any such political subdivision, but shall be payable solely from funds provided therefor pursuant hereto.

Section 6.08. Preservation of MBS Revenues; Amendment of Agreements. The Issuer shall not take any action to interfere with or impair the pledge and assignment hereunder of the Trust Estate, or the Trustee's enforcement of any rights hereunder or under the Financing Agreement or the Regulatory Agreement without the prior written consent of the Trustee. The Trustee may give such written consent, and may itself take any such action or consent to an amendment or modification to the Financing Agreement, the Regulatory Agreement or the MBS, only with the written consent of Fannie Mae and the Construction Lender (but only prior to the Conversion Date), and following receipt by the Trustee of written confirmation from the Rating Agency that the taking of such action or the execution and delivery of such amendment or modification will not adversely affect the rating then assigned to the Bonds by the Rating Agency, and if the Trustee shall have received an opinion of Bond Counsel to the effect that such action or such amendment or modification will not affect adversely the validity of the Bonds or the exclusion from gross income for federal income tax purposes of interest on the Bonds. Notwithstanding the foregoing, Fannie Mae and the Borrower may amend the Mortgage Note and the Mortgage without the consent of the Issuer, the Trustee or the holders of the Bonds so long as any such amendment does not change the amount of principal due under, or the rate of interest payable on the unpaid principal amount of, the MBS or otherwise reduce or modify the payments due under the MBS or adversely impact the tax-exempt status of the Bonds.

Section 6.09. Assignment. Any assignment of the Issuer's rights in favor of the Trustee shall not include Reserved Rights.

Section 6.10. Request and Indemnification. Where the consent of or other action on the part of the Issuer is required in this or any other document, the Issuer shall have no obligation to act unless first requested to do so, and the Issuer shall have no obligation to expend time or money or to otherwise incur any liability unless indemnity satisfactory to the Issuer has been furnished to it.

Section 6.11. Limitations on Liability. Notwithstanding anything in this Indenture or in the Bonds, the Issuer shall not be required to advance any money derived from any source other than the MBS Revenues and other assets pledged under this Indenture for any of the purposes of this Indenture.

No agreements or provisions contained in this Indenture, nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project, or the issuance, sale and delivery of the Bonds shall give rise to any pecuniary liability of the Issuer or a charge against its general credit, or shall obligate the Issuer financially in any way except from the application of MBS Revenues or proceeds pledged to the payment of the Bonds and the proceeds of the Bonds. No failure of the Issuer to comply with any term, condition, covenant or agreement herein or in any document executed by the Issuer in connection with the Project, or the issuance, sale and delivery of the Bonds shall subject the Issuer to liability for any claim for damages, costs or other financial and pecuniary charge except to the extent that the same can be paid or recovered from the Financing Agreement or the MBS Revenues or other assets pledged to the payment of the Bonds or the proceeds of the Bonds.

## ARTICLE VII

### DISCHARGE OF INDENTURE

Section 7.01. Defeasance. (a) If all Bonds shall be paid and discharged as provided in this Section, then all obligations of the Trustee and the Issuer under this Indenture with respect to all Bonds shall cease and terminate, except only (i) the obligation of the Trustee to pay or cause to be paid to the owners thereof all sums due with respect to the Bonds and to register, transfer and exchange Bonds pursuant to Sections 2.08 and 2.16, (ii) the obligation of the Issuer to pay the amounts owing to the Trustee under Section 9.02 from the Trust Estate, and (iii) the obligation of the Issuer to comply with Sections 6.03 and 9.12. Any funds held by the Trustee at the time of such termination which are not required for payment to Bondholders or for payment to be made by the Issuer including any other unpaid Trustee fees and expenses, shall be paid as provided in Section 5.15.

Any Bond or portion thereof in an Authorized Denomination shall be deemed no longer Outstanding under this Indenture if paid or discharged in any one or more of the following ways:

(i) by well and truly paying or causing to be paid the principal of, premium, if any, and interest on such Bond which have become due and payable; or

(ii) by depositing with the Trustee, in trust, cash which, together with the amounts then on deposit in the Revenue Fund and dedicated to this purpose, is fully sufficient to pay when due all principal of, and premium, if any, and interest on such Bond to the maturity or earlier redemption date thereof; or

(iii) by depositing with the Trustee, in trust, any investments listed under the definition of Eligible Investments in Section 1.01 in such amount as in the written opinion of a certified public accountant will, together with the interest to accrue on such Eligible Investments without the need for reinvestment, be fully sufficient to pay when due all principal of, and premium, if any, and interest on such Bond to the maturity or earlier redemption date thereof, notwithstanding that such Bond shall not have been surrendered for payment.

(b) Notwithstanding the foregoing, no deposit under clauses (ii) and (iii) of subsection (a) above shall be deemed a payment of such Bond until the earlier to occur of:

(i) if such Bond is by its terms subject to redemption within 45 days, proper notice of redemption of such Bond shall have been previously given in accordance with Section 3.02 to the holder thereof or, in the event such Bond is not by its terms subject to redemption within 45 days of making the deposit under clauses (ii) and (iii) of subsection (a) above, the Issuer shall have given the Trustee irrevocable written instructions to mail by first-class mail, postage prepaid, notice to the holder of such Bond as soon as practicable stating that the deposit required by clauses (ii) or (iii) of subsection (a) above, as applicable, has been made with the Trustee and that such Bond is deemed to have been paid and further stating such redemption date or dates upon which money will be available for the payment of the principal and accrued interest thereon; or

(ii) the maturity of such Bond.

(c) The Trustee shall be entitled to receive a report from a nationally recognized accounting firm selected by the Issuer to provide for the payment of all Bonds to be defeased pursuant to this Section.

(d) In addition to the circumstances described in paragraph (a) above, any Bond or portion thereof in an Authorized Denomination shall be deemed no longer Outstanding under this Indenture if and to the extent of an exchange of such Bond or portion thereof for the MBS or an interest therein as provided in Section 2.16 hereof.

Notwithstanding anything herein to the contrary, the purchase of Eligible Investments in accordance with Section 5.16 hereof, together with the Negative Arbitrage Deposit, shall not cause a discharge of the Indenture under this Section 7.01.

Section 7.02. Unclaimed Moneys. Anything herein to the contrary notwithstanding, and subject to applicable escheatment laws of the State of California, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when such Bonds have become due and payable, either at maturity or by call for redemption, if such moneys are held by the Trustee at said date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the date when such Bonds became due and payable, shall be paid by the Trustee to the Issuer as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the holders of such Bonds shall look only to the Issuer for the payment thereof; *provided, however*, that before being required to make any such payment to the Issuer, the Trustee shall cause to be mailed to the holders of such Bonds, at their addresses shown on the Bond Register, notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 nor more than 60 days after the date of mailing such notice, the balance of such moneys then unclaimed will be paid to the Issuer; and *provided, further*, that the provisions of this Section shall not apply to the extent disposition of any moneys so held by the Trustee shall be governed by any laws applicable to the Trustee or the Issuer dealing with the disposition of such unclaimed property.



Section 7.03. No Release of MBS. Except as provided in this Section and in Section 7.04, the Trustee shall not release and discharge the MBS from the lien of this Indenture until the principal of, premium, if any, and interest on the Bonds shall have been paid or duly provided for under this Indenture. The Trustee shall not release or assign the MBS to any person other than a successor Trustee so long as Fannie Mae shall not be in default thereunder (except to the limited extent expressly provided for in Section 2.16).

Section 7.04. Transfer of MBS. While the Bonds are Outstanding, the Trustee shall maintain the MBS in book-entry form in the name of the Trustee and may not sell, assign, transfer or otherwise dispose of the MBS (except to the limited extent expressly provided for in Section 2.16).

Section 7.05. Issuance of Additional Obligations. The Issuer shall not hereafter create or permit the creation of or issue any obligations or create any additional indebtedness secured by a charge and lien on the MBS Revenues or other moneys, securities, funds and property pledged by this Indenture, other than the Bonds authorized under Section 2.01.

## **ARTICLE VIII**

### **DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS**

Section 8.01. Events of Default. Each of the following shall constitute an Event of Default under this Indenture:

- (a) On and after the MBS Delivery Date, failure by Fannie Mae to pay principal, interest or premium, if any, due under the MBS;
- (b) Failure to pay the principal, interest or premium, if any, on the Bonds when the same shall become due; or
- (c) Default in the observance or performance of any other covenant, agreement or condition on the part of the Issuer in this Indenture and the continuation of such default for a period of 90 days after written notice to the Issuer from the Trustee or the registered owners of at least 75% in aggregate principal amount of the Bonds Outstanding at such time specifying such default and requiring the same to be remedied.

Upon any failure by Fannie Mae to distribute to the Trustee any payment required to be made under the terms of the MBS, the Trustee shall notify Fannie Mae not later than the next Business Day (all such notices to be promptly confirmed in writing) requiring the failure to be remedied.

The Trustee will immediately notify in writing the Issuer, the Bondholders, the Permanent Lender, the Construction Lender (but only prior to the Conversion Date) and Fannie Mae after an Authorized Officer obtains knowledge or receives notice of the occurrence of an Event of Default or an event which would become an Event of Default with the passage of time or the giving of notice, or both.

Section 8.02. Acceleration; Rescission of Acceleration.

(a) Upon the occurrence of an Event of Default under Section 8.01(a), the Trustee may, and upon the written request of the holders of not less than seventy-five percent (75%) in aggregate principal amount of the Bonds then Outstanding, which written request shall acknowledge that the amounts due on the MBS cannot be accelerated solely by virtue of acceleration of the Bonds, and upon receipt of indemnity satisfactory to the Trustee, shall, by notice in writing delivered to the Issuer, declare the principal of all Bonds then Outstanding, premium, if any, and the interest accrued thereon immediately due and payable, and such principal, premium, if any, and interest shall thereupon become and be immediately due and payable. An Event of Default under Section 8.01(a) hereof shall not give rise to an acceleration pursuant to this Section 8.02(a), *provided, however*, that following such an Event of Default, the holder of one-hundred percent (100%) of the Bonds then Outstanding may direct the Trustee in writing to transfer the MBS to it or its designee, in which case, the Trustee shall transfer and deliver to such requesting owner the Trustee's beneficial ownership interest in the MBS promptly following (i) delivery to the Trustee (via DWAC withdrawal) of the Bonds being exchanged, and (ii) payment by the requesting owner of the Trustee's exchange fee (\$1,000 as of the date of this Indenture) with respect to such Bonds. Such MBS will be in book-entry form. Transfers of the MBS will be made in accordance with current market practices, including the applicable provisions of the SIFMA's Uniform Practices for the Clearance and Settlement of Mortgage-Backed Securities and Other Related Securities. Upon receipt of such Bonds from the requesting Beneficial Owner, the Trustee will promptly cancel the Bonds being exchanged, which will not be reissued. MBSs delivered in such an exchange will not be exchangeable for Bonds. Once the Bonds are fully discharged or exchanged for the MBS, the Trustee will not have any remaining duties with respect thereto.

(b) The MBS delivered in such an exchange will also be subject to any applicable disclosure requirements concerning MBSs that have been issued in connection with the multifamily mortgage lending program of a governmental housing finance agency and financed by tax-exempt obligations.

(c) Interest on such MBS is not excludable from gross income for federal income tax purposes. Owners of Series J Bonds should consult their own tax advisors concerning that and other tax consequences of any exchange of a Bond for the MBS.

(d) The acceleration of the Bonds will not constitute a default under, or by itself cause the acceleration of, the MBS.

(e) If at any time after the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Issuer, the Borrower, the Investor Limited Partner or Fannie Mae, as applicable, shall pay to or deposit with the Trustee a sum sufficient to pay all principal of the Bonds then due (other than solely by reason of such declaration) and all unpaid installments of interest (if any) on all the Bonds then due with interest at the rate borne by the Bonds on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, and the reasonable expenses of the Trustee shall have been made good or cured or adequate provisions shall have been made therefor, and all other defaults hereunder have been made good or cured or

waived in writing by the holders of a majority in principal amount of the Bonds then Outstanding, then and in every case, the Trustee on behalf of the holders of all the Bonds shall rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, nor shall it impair or exhaust any right or power consequent thereon. Notwithstanding anything herein to the contrary, so long as Borrower shall have made all payments then required on the Bond Loan Notes and the Mortgage Loan Note or otherwise required pursuant to the Construction Loan Documents and the Permanent Loan Documents, Borrower shall have no obligation to pay any amounts with respect to the Bonds or the MBS.

Section 8.03. Other Remedies; Rights of Bondholders. Subject to Section 8.13, upon the happening and continuance of an Event of Default the Trustee in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the holders of all Bonds, may also proceed to protect and enforce any rights of the Trustee and, to the full extent that the holders of such Bonds themselves might do, the rights of such Bondholders under the laws of the State of California or under this Indenture by such of the following remedies as the Trustee shall deem most effectual to protect and enforce such rights:

(a) By pursuing any available remedies under the Financing Agreement, the Regulatory Agreement or the MBS;

(b) Upon an Event of Default under Section 8.01(a) only, by realizing or causing to be realized through sale or otherwise upon the security pledged hereunder (including the sale or disposition of the MBS); and

(c) By action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders and to execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Bondholders against the Issuer allowed in any bankruptcy or other proceeding.

If an Event of Default shall have occurred, and if requested by the holders of not less than 75% in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction, the Trustee shall be obligated to exercise one or more of the rights and powers conferred by this Article as the Trustee, being advised by counsel, shall deem to be in the best interests of the Bondholders subject to the limitations set forth above and in this Indenture.

No right or remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other right or remedy, but each and every such right and remedy shall be cumulative and shall be in addition to any other right or remedy given to the Trustee or to the Bondholders hereunder or under the Financing Agreement, the Regulatory Agreement or the MBS or now or hereafter existing at law or in equity.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein and every such right and power may be exercised from time to time as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 8.04. Representation of Bondholders by Trustee. The Trustee is hereby irrevocably appointed (and the Bondholders, by accepting and holding their Bonds, shall be conclusively deemed to have so appointed the Trustee and to have mutually covenanted and agreed, each with the other, not to revoke such appointment) the true and lawful attorney in fact of the Bondholders with power and authority, in addition to any other powers and rights heretofore granted the Trustee, at any time in the Trustee's discretion to make and file, in any proceeding in bankruptcy or judicial proceedings for reorganization or liquidation of the affairs of the Issuer, either in the respective names of the Bondholders or on behalf of all the Bondholders as a class, any proof of debt, amendment of proof of debt, petition or other document, to receive payment of any sums becoming distributable to the Bondholders, and to execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Trustee in order to have the respective claims of the Bondholders against the Issuer allowed in any bankruptcy or other proceeding.

In the enforcement of any rights and remedies hereunder, the Trustee in its own name and as trustee of an express trust on behalf of and for the benefit of the holders of all Bonds, shall be entitled to sue for, enforce payment on and receive any and all amounts then or during any Event of Default becoming, and at any time remaining, due from the Issuer for principal, premium, if any, interest or other moneys, under any provision hereof or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders.

Section 8.05. Action by Trustee. All rights of action hereunder or upon any of the Bonds enforceable by the Trustee may be enforced by the Trustee without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee may be brought in its name for the ratable benefit of the holders of such Bonds subject to the provisions hereof.

In any action, suit or other proceeding by the Trustee, the Trustee shall be paid fees, counsel fees and expenses in accordance with Section 9.02.

Section 8.06. Accounting and Examination of Records After Default. The Issuer covenants with the Trustee and the Bondholders that, if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the Issuer relating to the Bonds and the Project shall at all times during normal business hours be subject to the inspection and use of the Trustee and of its agents and attorneys.

Section 8.07. Restriction on Bondholder Action. No holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any provision hereof or for the execution of any trust hereunder or for any other remedy hereunder, unless (a)(i) such holder previously shall have given to the Issuer and the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted,

and (ii) after the occurrence of such Event of Default, a written request shall have been made of the Trustee to institute such suit, action or proceeding by the holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding and there shall have been offered to the Trustee security and indemnity satisfactory to it against the costs and liabilities to be incurred therein or thereby, and (iii) the Trustee shall have been enjoined or restrained from complying or shall have refused or neglected or otherwise failed to comply with such request within a reasonable time; or (b)(i) such holder previously shall have obtained the written consent of the Trustee to the institution of such suit, action or proceeding, and (ii) such suit, action or proceeding is brought for the ratable benefit of the Bondholders subject to the provisions hereof.

Nothing in this Article contained shall affect or impair the right of any Bondholder to enforce the payment of the principal of, premium, if any, and interest on his or her Bonds or the obligation of the Issuer to pay the principal of, premium, if any, and interest on each Bond to the holder thereof, at the time and place and from the source expressed in such Bonds and pursuant to the terms of the Bonds and this Indenture.

No holder of any Bond shall have any right in any manner whatever by his or her action to affect, disturb or prejudice the pledge of MBS Revenues or of any other moneys, funds or securities hereunder, or, except in the manner and on the conditions in this Section provided, to enforce any right or duty hereunder.

Section 8.08. Application of Moneys After Default. All moneys collected by the Trustee at any time pursuant to this Article shall, except to the extent, if any, otherwise directed by a court of competent jurisdiction, be credited by the Trustee to the Revenue Fund. Such moneys so credited to the Revenue Fund and all other moneys from time to time credited to the Revenue Fund shall at all times be held, transferred, withdrawn and applied as prescribed by the provisions of Article V and this Section.

Subject in all instances to the provisions of Section 8.11 and 9.02, in the event that at any time the moneys credited to the Revenue Fund, or any other funds held by the Issuer or the Trustee available for the payment of interest or principal then due with respect to the Bonds, shall be insufficient for such payment, such moneys and funds (other than funds held for the payment or redemption of particular Bonds as provided in Section 5.17) shall be applied as follows:

(a) For payment of all amounts due to the Trustee incurred in performance of its duties under this Indenture and the other documents executed in connection therewith, including, without limitation, the payment of all reasonable fees and expenses of the Trustee incurred in exercising any remedies under this Indenture and the other documents executed in connection herewith;

(b) Unless the principal of all of the Bonds shall have become or have been declared due and payable:

*First:* To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available is not sufficient to pay in full any installment, then to the payment

thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

*Second:* To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any Bonds which shall have become due, whether at maturity or by call for redemption, in the order in which they became due and payable, and, if the amount available is not sufficient to pay in full all the principal of and premium, if any, on the Bonds so due on any date, then to the payment of principal ratably, according to the amounts due on such date, to the persons entitled thereto, without any discrimination or preference and then to the payment of any premium due on the Bonds, ratably, according to the amounts due on such date, to the persons entitled thereto, without any discrimination or preference; and

(c) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal of, premium, if any, and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

Section 8.09. Control of Proceedings. In the case of an Event of Default pursuant to Section 8.01(a), the holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, subject to the provisions of Section 8.07, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee; *provided, however*, that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not be taken lawfully, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or otherwise adversely affect the Trustee or be unjustly prejudicial to Bondholders not parties to such direction.

Section 8.10. Waivers of Events of Default. The Trustee shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of, premium, if any, and interest on the Bonds upon the written request of the holders of a majority in aggregate principal amount of all Bonds then Outstanding with respect to which there is an Event of Default; *provided, however*, that there shall not be waived (a) any default in the payment of the principal amount of any Bonds at the date of maturity specified therein or upon proceedings for mandatory redemption, or (b) any default in the payment when due of the interest or premium, if any, on any such Bonds, unless prior to such waiver or rescission all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such Event of Default shall have occurred on overdue installments of interest or all arrears of payments of principal or premium, if any, when due (whether at the stated maturity thereof or upon proceedings for mandatory redemption) as the case may be, and all expenses of the Trustee in connection with such monetary default, shall have been paid or provided for, and

in case of any such waiver or rescission, the Issuer, the Borrower, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder respectively.

No such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereto; and no delay or omission of the Trustee or of any Bondholders to exercise any right or power accruing upon any Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default, or acquiescence therein.

Section 8.11. Subordination. No claim for interest on any of the Bonds which claim in any way at or after maturity shall have been transferred or pledged by the holder thereof separate and apart from the Bond to which it relates, unless accompanied by such Bond, shall be entitled in case of an Event of Default hereunder to any benefit by or from this Indenture except after the prior payment in full of the principal of and premium, if any, on all of the Bonds then due and of all claims for interest then due not so transferred or pledged.

Section 8.12. Termination of Proceedings. In case any proceeding taken by the Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason or determined adversely to the Trustee, then in every such case the Issuer, the Borrower, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Section 8.13. No Interference or Impairment of MBS. Notwithstanding any other provision of this Indenture to the contrary, following the MBS Delivery Date, so long as the MBS remains outstanding and Fannie Mae is not in default in its payment obligations thereunder, neither the Issuer, the Trustee nor any person under their control shall, without the prior written consent of Fannie Mae, exercise any remedies or direct any proceedings under this Indenture other than to (a) enforce rights under the MBS, (b) enforce the tax covenants in this Indenture and the Financing Agreement, or (c) enforce rights of specific performance under the Regulatory Agreement; *provided, however*, that any enforcement under subsections (b) or (c) above shall not include seeking monetary damages other than actions for the Issuer Fees and Expenses or the Trustee Fees and Expenses.

Nothing contained in this Indenture shall affect or impair the right of any Bondholder to enforce the payment of the principal of, the premium, if any, and interest on any Bond at the maturity thereof or the obligation of the Trustee to pay the principal of, premium, if any, and interest on the Bonds issued hereunder to the respective holders thereof, at the time, in the place, from the sources and in the manner expressed herein and in said Bonds.

## ARTICLE IX

### THE TRUSTEE AND THE REMARKETING AGENT

Section 9.01. Acceptance of the Trusts. The Trustee hereby accepts the trusts imposed upon it by this Indenture, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions and no implied covenants or conditions shall be read into this Indenture against the Trustee:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a reasonable person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall not be answerable for the conduct of the same if appointed with reasonable care, and shall be entitled to advice of counsel concerning all matters of the trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorneys (who may be the attorney or attorneys for the Issuer, the Borrower or Fannie Mae) approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action taken in good faith in reliance upon such opinion or advice.

(c) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the certificate of authentication of the Trustee endorsed on the Bonds), or for insuring the Project or collecting any insurance moneys, or for the registration, filing or recording or re registration, re-filing or re-recording of this Indenture or the Mortgage or any financing statements relating hereto or thereto or for the validity of the execution by the Issuer of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of the Project or otherwise as to the maintenance of the security hereof. The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer or on the part of the Borrower under the Financing Agreement, except as hereinafter set forth; but the Trustee may require of the Issuer or the Borrower full information and advice as to their performance of the covenants, conditions and agreements aforesaid. The Trustee acknowledges it has assumed certain duties of the Issuer under the Financing Agreement and the Regulatory Agreement.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder. The Trustee may become the owner of Bonds secured hereby with the same rights which it would have if it were not Trustee hereunder. To the extent permitted by law, the Trustee may act as depository for, and permit any of its officers or directors to act as a



member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not any such committee shall represent the holders of a majority in aggregate principal amount of the Bonds Outstanding.

(e) The Trustee shall be held harmless in acting under any notice, request, consent, certificate, order, affidavit, letter, facsimile transmission, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the purported proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request, authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely (unless other evidence in respect thereof is herein specifically prescribed) upon an Officer's Certificate as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default of which the Trustee has been notified as provided in subsection (h) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept an Officer's Certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate signed by an Attesting Officer of the Issuer as conclusive evidence that a resolution of the governing body of the Issuer has been duly adopted and is in full force and effect.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and it shall not be answerable for other than its own negligence or willful misconduct.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default or Event of Default hereunder except a default in payment when due of the principal of, premium, if any, or interest on any Bond or the failure of the Issuer or the Borrower to file with the Trustee any documents required by this Indenture, the Financing Agreement or the Regulatory Agreement to be so filed subsequent to the issuance of the Bonds unless the Trustee shall be specifically notified in writing of such default or Event of Default by the Issuer or by the holders of at least 75% in aggregate principal amount of Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the designated office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no default or Event of Default except as aforesaid.

(i) At any and all reasonable times the Trustee and its duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right fully to inspect any and all of the property herein conveyed, including the Project and all books, papers and records of the Issuer pertaining to the Project and the Bonds, and to take such memoranda from and in regard thereto as may be desired, *provided* that such inspection be made and any such

memoranda be taken and used on a basis that will insure the confidentiality thereof and of any results thereof.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the trusts and powers or otherwise in respect of the premises granted in this Indenture.

(k) Notwithstanding anything elsewhere in this Indenture contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property or any action whatsoever within the purview of this Indenture (other than enforcement of the Regulatory Agreement), any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee, deemed desirable for the purpose of establishing the right of the Issuer to the authentication of any Bonds, the withdrawal of any cash, the release of any property or the taking of any other action by the Trustee, but the resolutions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warranty, protection and authority to the Trustee for the release of property and the withdrawal of cash hereunder.

(l) Before taking any action under Article VIII of this Indenture, the Trustee may require that a satisfactory indemnity bond or other indemnity satisfactory to the Trustee be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default in conjunction with any action so taken.

(m) All moneys received by the Trustee, until used, applied or invested as herein provided, shall be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law.

(n) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(o) The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and the final payment or the defeasance of the Bonds (or the discharge of the Bonds or the defeasance of the lien of this Indenture).

(p) None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

(q) The Trustee shall have no responsibility, opinion 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 issuance of the Bonds.

(r) The Trustee shall at all times, to the extent permitted by law, defend, preserve and protect the pledge and assignment in trust of the Trust Estate created hereby and all the rights of the Bondholders hereunder against all claims and demands of all persons whomsoever.

Section 9.02. Fees, Charges and Expenses of Trustee. Notwithstanding any provision to the contrary herein the Trustee shall be entitled to payment for reasonable fees for its services rendered hereunder and under the Financing Agreement and reimbursement for all advances, counsel fees and other expenses reasonably made or incurred by the Trustee (including any co-Trustee) in connection with such services which shall be paid from time to time as provided in the Financing Agreement; *provided* that no such amounts shall be paid to the Trustee from the proceeds of the MBS. Upon an Event of Default under Section 8.01(a) as a result of a failure by Fannie Mae to make payment under the MBS, but only upon such an Event of Default, the Trustee shall have a lien upon the Trust Estate for extraordinary fees, charges and expenses incurred by it. The Issuer shall require the Borrower to indemnify and save harmless the Trustee against any liabilities which the Trustee may incur in the exercise and performance of its powers and duties hereunder, under the Financing Agreement and under the Regulatory Agreement which are not due to its own negligence or willful misconduct, and to reimburse the Trustee for any fees and expenses of the Trustee to the extent they exceed funds available under this Indenture for the payment thereof, subject only to the right of the Borrower to contest the reasonableness of any such fees or the necessity for any such expenses. The Trustee shall continue to perform its duties and obligations hereunder until such time as its resignation or removal is effective pursuant to Section 9.05 or Section 9.06, respectively.

Section 9.03. Intervention by Trustee. In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of owners of the Bonds, the Trustee may intervene on behalf of the Bondholders and shall do so if requested in writing by the owners of at least 75% in aggregate principal amount of Bonds then Outstanding, subject to receipt of indemnity as provided in Section 9.01(l). The rights and obligations of the Trustee under this Section are subject to receipt of any approval of a court of competent jurisdiction which may be required by law as a condition to such intervention.

Section 9.04. Merger or Consolidation of Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto shall be and become successor Trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 9.05. Resignation by Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving 30 days' written notice to the Issuer, the Construction Lender (but only prior to the Conversion Date) and Fannie Mae, and such resignation shall only take effect upon the appointment, pursuant to Section 9.07, of, and acceptance by, a successor Trustee. The successor Trustee shall give notice of such succession

by first class mail, postage prepaid, to each Bondholder at the address of such Bondholder shown on the Bond Register.

Section 9.06. Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee, Fannie Mae and the Construction Lender (but only prior to the Conversion Date), and signed by the Issuer (or if an Event of Default shall have occurred and be continuing, by the owners of a majority in aggregate principal amount of the Bonds then Outstanding, in which event such instrument or instruments in writing shall also be delivered to the Issuer) *provided* that such removal shall not take effect until the appointment of a successor Trustee by the Issuer (or by the Bondholders).

Section 9.07. Appointment of Successor Trustee. In case at any time the Trustee or any successor thereto shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of such Trustee or of its property shall be appointed, or if any public officer shall take charge or control of such Trustee or of its property or affairs, a successor may be appointed by the Issuer with the approval of Fannie Mae (if it is not in default in its obligations under the MBS), or if Fannie Mae does not approve a successor the Issuer proposes to appoint, or if the Issuer is in default hereunder, by the holders of a majority in aggregate principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Issuer, by an instrument or concurrent instruments in writing signed by such Bondholders, or their attorneys duly authorized in writing, and delivered to such successor Trustee, notification thereof being given to the Issuer, Fannie Mae, the Borrower, the Investor Limited Partner and the predecessor Trustee. If in a proper case no appointment of a successor Trustee shall have been made pursuant to the foregoing provisions of this Section within 45 days after the Trustee shall have given to the Issuer written notice as provided in Section 9.05 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. The court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee appointed under the provisions of this Section shall be a bank, trust company or national banking association, having a designated office within the State of California, having trust powers, with prior experience as trustee under indentures under which multifamily housing revenue bonds of public agencies or authorities are issued, and having a capital and surplus acceptable to the Issuer, the Permanent Lender, the Construction Lender (but only prior to the Conversion Date) and Fannie Mae, willing and able to accept the office on reasonable and customary terms in light of the circumstances under which the appointment is tendered and authorized by law to perform all the duties imposed upon it hereby, if there be such an institution meeting such qualifications willing to accept such appointment.

Section 9.08. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Issuer and Fannie Mae, and any Bondholder which shall request the same, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if named herein as such Trustee, but the Trustee ceasing to act shall nevertheless, on the written request of

the Issuer, Fannie Mae or the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as reasonably may be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any properties held by it under this Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Issuer be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such moneys, estates, properties, rights, powers and duties, any and all such deeds, conveyances and instruments in writing, on request, and so far as may be authorized by law, shall be executed, acknowledged and delivered by the Issuer.

Section 9.09. Successor Trustee as Bond Registrar, Custodian of Funds and Paying Agent. In the event of a change in the Trustee, the Trustee which has resigned or been removed shall cease to be Bond Registrar, custodian of the Funds and Accounts created under this Indenture and paying agent for the Bonds, and the successor Trustee shall become such Bond Registrar, custodian and paying agent.

Section 9.10. Force Majeure. The Trustee shall not be responsible for delays or failures in performance resulting from acts beyond its control, including without limitation acts of God, strikes, lockouts, riots, acts of war or terror, epidemics, governmental regulations, fire, communication line failures, computer viruses or failures, power failures, earthquakes or other disasters.

Section 9.11. Collection of MBS Payments. Following the MBS Delivery Date, the Trustee shall cause the MBS to be registered in the name of the Trustee or in the name of the nominee of the Trustee with such additional recitals as appropriate to indicate that the MBS is to be held by the Trustee in its capacity as Trustee hereunder subject to the provisions of Sections 7.03 and 7.04. In the event that any amount payable to the Trustee under the MBS is not received by the Trustee within one Business Day of the date such payment is due, the Trustee shall notify Fannie Mae or (if directed by Fannie Mae) the paying agent for the MBS by telephone (such notification to be immediately confirmed by telegram, telecopy or other means of instantaneous written communication) that such payment has not been received in a timely manner and request that such payment be made by wire transfer of immediately available funds to the account of the Trustee or such custodian, as the case may be.

Section 9.12. Requests from Rating Agency. The Trustee shall promptly respond in writing, or in such other manner as may be reasonably requested, to requests from the Rating Agency for information deemed necessary by the Rating Agency in order to maintain the rating assigned thereby to the Bonds. The Trustee shall promptly furnish any such requested information in its possession to the Rating Agency and shall, as may be reasonably requested by the Rating Agency, assist in efforts to obtain any necessary information from the Issuer or the Borrower or Fannie Mae as applicable.

Section 9.13. Arbitrage Covenants.

(a) Moneys and securities held by the Trustee in the Rebate Fund are not pledged or otherwise subject to any security interest in favor of the Trustee to secure the Bonds or any other payments required to be made hereunder or any other document executed and delivered in connection with the issuance of the Bonds.

(b) Moneys in the Rebate Fund shall be held separate and apart from all other Funds and Accounts established under this Indenture and shall be separately invested and reinvested by the Trustee in Eligible Investments. The interest accruing thereon and any profit realized therefrom shall be credited to the Rebate Fund, and any loss resulting therefrom shall be charged to the Rebate Fund. The Trustee shall sell and reduce to cash a sufficient amount of such Eligible Investments whenever the cash balance in the Rebate Fund is insufficient for its purposes.

(c) The Trustee agrees that it will invest funds held under this Indenture in accordance with the covenants and terms of this Indenture and the Tax Certificate (this covenant shall extend through the maturity date of the Bonds, to all Funds and Accounts created under this Indenture and all money on deposit to the credit of any such Fund or Account). The Trustee covenants that, notwithstanding any other provisions of this Indenture or of any other Financing Document, it will not knowingly make or cause to be made any investment or other use of the money in the funds or accounts created hereunder which would cause the Bonds to be classified as "arbitrage bonds" within the meaning of Sections 103(b) and 148 of the Code or would cause the interest on the Bonds to be includable in gross income for federal income tax purposes. This covenant shall extend, so long as any Bonds remain Outstanding, to all Funds and Accounts created under this Indenture and all money on deposit to the credit of any such Fund or Account. Pursuant to this covenant, with respect to the investments of the Funds and Accounts under this Indenture, the Trustee obligates itself to comply, so long as any Bonds remain Outstanding, with the requirements of Sections 103(b) and 148 of the Code; *provided* that the Trustee shall be deemed to have complied with such requirements and shall have no liability to the extent it reasonably follows the written directions of the Borrower, the Issuer, Bond Counsel or the Rebate Analyst. The Trustee further covenants that should the Issuer or the Borrower file with the Trustee (it being understood that neither the Issuer nor the Borrower has an obligation to so file), or should the Trustee receive, an opinion of Bond Counsel to the effect that any proposed investment or other use of proceeds of the Bonds would cause the Bonds to become "arbitrage bonds," then the Trustee will comply with any written instructions of the Issuer, the Borrower or Bond Counsel regarding such investment (which shall, in any event, be an Eligible Investment) or use so as to prevent the Bonds from becoming "arbitrage bonds," and the Trustee will bear no liability to the Issuer or the Borrower for investments made in accordance with such instructions.

(d) The Issuer hereby covenants to cause the Borrower to provide, at the Borrower's expense, for the calculation by the Rebate Analyst, any rebate to the federal government, in accordance with the Code, of excess investment earnings to the extent required by Section 148(f) of the Code.

(e) The determination of the Rebate Amount shall be made by the Rebate Analyst in accordance with the Tax Certificate and the Rebate Amount shall be paid at such times and in

such installments as provided therein. As further provided in the Tax Certificate, the Borrower shall be responsible for calculating or causing to be calculated and paying the Rebate Amount.

(f) In order to provide for the administration of this Section, the Trustee may provide for the employment of independent attorneys, accountants and consultants compensated on a reasonable basis and in addition and without limitation of the provisions of Section 9.01, the Trustee may rely conclusively upon and be fully protected from all liability in relying upon the opinions, determinations, calculations and advice of such attorneys, accountants and consultants employed hereunder.

(g) The Borrower shall be responsible for any fees and expenses incurred by the Issuer or the Trustee under or pursuant to this Section.

(h) Withdrawals from the Rebate Fund may be made to the extent the Rebate Analyst determines that amounts on deposit therein exceed amounts required to be on deposit therein pursuant to this Section. All amounts so withdrawn shall be transferred to the Revenue Fund.

(i) The provisions of this Section may be amended or deleted from this Indenture upon receipt by the Issuer and the Trustee of an Opinion of Bond Counsel that such amendment or deletion will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes. Any moneys on deposit in the Rebate Fund may be applied by the Trustee as permitted in such Opinion. Fees and expenses incurred in connection with the determination of rebatable arbitrage shall be paid by the Borrower pursuant to the provisions of the Financing Agreement.

(j) The Trustee shall not be responsible for any determination or calculation concerning arbitrage rebate with respect to the Bonds, or for determining whether the yield on any investments made in accordance with this Indenture would cause, or whether any other facts exist which would cause, any of the Bonds to become arbitrage bonds under Section 148 of the Code. Neither the Issuer nor the Trustee shall be obligated to pay any portion of the Rebate Amount (except from funds on deposit in the Rebate Fund). In addition, neither the Issuer nor the Trustee shall have any responsibility with respect to the calculation of the Rebate Amount, provided that the rebate calculations are subject to the Issuer's approval.

(k) In the event of a conflict between the provisions of this Section 9.12 and the Tax Certificate, the provisions of the Tax Certificate shall control.

Section 9.14. Compliance of Borrower Under Regulatory Agreement. The Trustee shall give written notice to the Issuer, the Permanent Lender, the Construction Lender (but only prior to the Conversion Date), the Investor Limited Partner and Fannie Mae of any failure by the Borrower to comply with the terms of the Regulatory Agreement.

Section 9.15. Concerning the Remarketing Agent. The Remarketing Agent identified in Section 1.01 hereof shall serve as the Remarketing Agent for the Bonds. The Remarketing Agent shall designate to the Trustee its designated corporate trust office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer, the Borrower and the Trustee. In addition, the Remarketing Agent will agree particularly to:

(a) keep such records relating to its computations of interest rates for the Series K Bonds as shall be consistent with prudent industry practice and to make such records available for inspection by the Issuer, the Trustee, the Borrower and the Investor Limited Partner at all reasonable times; and

(b) perform all of its functions and duties under this Indenture.

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

The Remarketing Agent shall be entitled to appoint additional co-Remarketing Agents to assist in the performance of the Remarketing Agent's obligations under this Indenture, and any such appointment shall be effective without any action by the Issuer or the Borrower being necessary; *provided* that any such co-Remarketing Agent, shall have a capitalization of at least \$5,000,000, or shall have a line of credit with a commercial bank in the amount of at least \$5,000,000, shall be in conformity with all standards and requirements of the Municipal Securities Rulemaking Board and the Securities and Exchange Commission, and shall be authorized by law to perform all the duties imposed upon it by this Indenture. The Remarketing Agent shall take responsibility for any co-Remarketing Agent it appoints.

Section 9.16. Qualification of Remarketing Agent. The Remarketing Agent shall be a member in good standing of the Financial Industry Regulatory Authority having a capitalization of at least \$5,000,000, or shall have a line of credit with a commercial bank in the amount of at least \$5,000,000, and shall be authorized by law to perform all the duties imposed upon it by this Indenture. Subject to the terms of the Remarketing Agreement, the Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 30 days' notice of such resignation to the Issuer, the Borrower, the Investor Limited Partner and the Trustee. The Remarketing Agent may be removed, with prior notice to the Issuer, at any time by the Borrower, with at least 30 days' notice of such removal to the Remarketing Agent.

Upon any resignation or removal of the Remarketing Agent, the departing Remarketing Agent shall pay over, assign and deliver any money and Bonds held by it in such capacity to its successor.

The Trustee, within 30 days of the resignation or removal of the Remarketing Agent or the appointment of a successor Remarketing Agent, shall give notice thereof by registered or certified mail to the Rating Agency (if the Series K Bonds are then rated) and to the holders of the Series K Bonds.



Section 9.17. City Contracting Provisions. The Trustee [and the Remarketing Agent] covenant and agree to comply with the provisions set forth in Exhibit D to this Indenture.

## ARTICLE X

### SUPPLEMENTAL INDENTURES

Section 10.01. Supplemental Indentures Effective Upon Acceptance. For any one or more of the following purposes and at any time or from time to time, the Issuer and the Trustee may enter into a Supplemental Indenture which, upon the execution and delivery thereof by the Issuer and by the Trustee, and with the prior written consent of Fannie Mae, the Permanent Lender and the Construction Lender (but only prior to the Conversion Date), but without the necessity of consent of the Bondholders, shall be fully effective in accordance with its terms:

(a) To add to the covenants or agreements of the Issuer herein contained other covenants or agreements to be observed by the Issuer or to otherwise revise or amend this Indenture in a manner which are/is not materially adverse to the interests of the Bondholders;

(b) To add to the limitations or restrictions herein contained other limitations or restrictions to be observed by the Issuer which are not contrary to or inconsistent with the provisions hereof as theretofore in effect;

(c) To surrender any right, power or privilege reserved to or conferred upon the Issuer herein, *provided* that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Issuer contained herein and is not materially adverse to the interests of the Bondholders;

(d) To confirm, as further assurance, any pledge of the Trust Estate hereunder and the subjection to any lien on or pledge of the Trust Estate created or to be created hereby;

(e) To appoint a co-trustee or successor Trustee or successor co-trustee;

(f) To cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision herein;

(g) To insert such provisions clarifying matters or questions arising hereunder as are necessary or desirable and are not materially adverse to the interests of the Bondholders; and

(h) To make such changes and modifications that are necessary or desirable to provide for all interest, principal and premium, if any, paid with respect to the Bonds are in the exact respective amounts of the payments of interest, principal and premium, if any, paid under and pursuant to the MBS.

Section 10.02. Supplemental Indentures Requiring Consent of Bondholders. In addition to those amendments to this Indenture which are authorized by Section 10.01, any modification or amendment of this Indenture may be made by a Supplemental Indenture with the written consent, given as hereinafter provided in Section 10.03, of Fannie Mae and the holders of at least two thirds in aggregate principal amount of the Bonds Outstanding at the time such consent is

given; *provided, however*, that no such modification or amendment shall (a) permit a change in the terms of redemption or maturity of the principal amount of any Outstanding Bond or an extension of the date for payment of any installment of interest thereon or a reduction in the principal amount of, premium, if any, or the rate of interest on any Outstanding Bond without the consent of the holder of such Bond, (b) reduce the proportion of Bonds the consent of the holders of which is required to effect any such modification or amendment or to effectuate an acceleration of the Bonds prior to maturity, (c) permit the creation of a lien on the Trust Estate pledged under this Indenture prior to or on a parity with the lien of this Indenture, (d) deprive the holders of the Bonds of the lien created by this Indenture upon the Trust Estate (except as expressly provided in this Indenture), without (with respect to (b) through (d)) the consent of the holders of all Bonds then Outstanding, or (e) change or modify any of the rights or obligations of the Trustee without the written consent thereto of the Trustee.

Section 10.03. Consent of Bondholders. The Issuer and the Trustee may, at any time, execute and deliver a Supplemental Indenture making a modification or amendment permitted by the provisions of Section 10.02, to take effect when and as provided in this Section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in a form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be mailed by the Trustee to the Bondholders. Such Supplemental Indenture shall not be effective unless there shall have been filed with the Trustee (a) the written consents of Fannie Mae and the holders of the proportion of Outstanding Bonds specified in Section 10.02, and (b) an Opinion of Bond Counsel stating that such Supplemental Indenture has been duly and lawfully entered into by the Issuer in accordance with the provisions of this Indenture, is authorized or permitted by the provisions of this Indenture, and, when effective, will be valid and binding upon the Issuer. Each such consent of the Bondholders shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 11.01. A certificate or certificates by the Trustee that it has examined such proof and that such proof is sufficient under the provisions of Section 11.01 shall be conclusive that the consents have been given by the Bondholders described in such certificate or certificates. Any such consent shall be binding upon the Bondholder giving such consent and upon any subsequent holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent holder thereof has notice thereof). At any time after the holders of the required proportion of Bonds shall have filed their consents to such Supplemental Indenture, the Trustee shall make and file with the Issuer a written statement that the holders of such required proportion of Bonds have filed and given such consents. Such written statement shall be conclusive that such consents have been so filed and have been given. Within 90 days after filing such statement, the Trustee shall mail to the Bondholders a notice stating in substance that such Supplemental Indenture (which may be referred to as a Supplemental Indenture executed by the Issuer on a stated date, a copy of which is on file with the Trustee) has been consented to by the holders of the required proportion of Bonds and will be effective as provided in this Section, but failure to mail such notice shall not prevent such Supplemental Indenture from becoming effective and binding as in this Section 10.03 provided. The Trustee shall file with the Issuer proof of the mailing of such notice to the Bondholders. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such modification or amendment shall be deemed conclusively binding upon the Issuer, the Trustee and the holders of all Bonds upon the

execution thereof and the filing by the Trustee with the Issuer of the statement that the required proportion of Bondholders have consented thereto.

The Issuer may conclusively rely upon the Trustee's determination that the requirements of this Section have been satisfied.

Section 10.04. Modification by Unanimous Consent. Notwithstanding anything contained in the foregoing provisions of this Article, the terms and provisions hereof and the rights and obligations of the Issuer and the Bondholders hereunder, in any particular, may be modified or amended in any respect upon execution and delivery of a Supplemental Indenture by the Issuer and the Trustee making such modification or amendment and the consent to such Supplemental Indenture of Fannie Mae, the Permanent Lender, the Construction Lender (but only prior to the Conversion Date) and the holders of all of the Bonds then Outstanding, such consent to be given and proved as provided in Section 10.03 except that no notice to Bondholders shall be required; *provided, however*, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without the written assent thereto of the Trustee, in addition to the consent of the Bondholders.

Section 10.05. Exclusion of Bonds. Bonds owned or held by or for the account of the Issuer or the Borrower shall be excluded and shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, unless all of the Bonds are owned or held by or for the account of the Issuer or the Borrower. In the event that not all of the Bonds are owned or held by or for the account of the Issuer or the Borrower, then neither the Issuer nor the Borrower, as the case may be, shall be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action under this Article, in the event that any Bonds (but not all of the Bonds) are then owned by or for the account of the Issuer, the Issuer shall furnish to the Trustee an Officer's Certificate, upon which the Trustee may rely, describing all Bonds so to be excluded. The Trustee shall be obligated to exclude as aforesaid only such Bonds as are shown by the Bond Register or are otherwise known by the Trustee to be so owned or held.

Section 10.06. Notation on Bonds. Bonds delivered after the effective date of any action taken as provided in this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Issuer and the Trustee as to such action, and in that case upon demand of the holder of any Bond Outstanding at such effective date and presentation of such Bond for such purpose at the principal office of the Trustee, suitable notation shall be made on such Bond by the Trustee as to any such action. If the Issuer or the Trustee shall so determine, new Bonds notated as in the opinion of the Trustee and the Issuer may be required to conform to such action shall be prepared and delivered, and upon demand of the holder of any Bond then Outstanding, shall be exchanged, without cost to such Bondholder, for Bonds of the same series, designation, maturity and interest rate then Outstanding upon surrender of such Bonds.

Section 10.07. Additional Contracts or Indentures. The Issuer, so far as it may be authorized by law, may enter, and if requested by the Trustee, shall enter into additional contracts or indentures with the Trustee giving effect to any modification or amendment of this Indenture as provided in this Article.

Section 10.08. Opinion of Bond Counsel Concerning Supplemental Indentures. The Trustee shall not execute or consent to any Supplemental Indenture unless prior to the execution and delivery thereof the Trustee shall have received the written Opinion of Bond Counsel to the effect that the modifications or amendments effected by such Supplemental Indenture will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes and are authorized and permitted under the provisions of this Indenture.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, or the holding by any person of any Bonds, shall be sufficient for any purpose hereof if made in the following manner or in any other manner satisfactory to the Trustee which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Bondholder or his or her attorney of any such instrument (other than the Bond) may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he or she purports to act that the person signing such instrument acknowledged to him or her the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer, or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, trust company or duly licensed securities broker or dealer satisfactory to the Trustee that the person signing such instrument acknowledged to such bank, trust company, broker or dealer the execution thereof;

(b) The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is authorized by a corporate resolution (a copy of which shall be delivered to the Trustee) and signed by a person purporting to be the president or a vice president of such corporation; and

(c) The holding of Bonds, the amount, numbers and other identification thereof, and the date of holding the same, shall be proved by the Bond Register.

Any request, consent or other instrument executed by the registered owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Trustee in accordance herewith in reliance on such request, consent or other instrument.

Section 11.02. U.S.A. Patriot Act Requirements of the Trustee. To help the government of the United States of America fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that

identifies each person who opens an account. For a non-individual Person such as a business entity, a charity, a trust or other legal entity, the Trustee may request documentation to verify such Person's formation and existence as a legal entity and the identity of the owners or controlling persons thereof. The Trustee may also request financial statements, licenses, identification and authorization documents from individuals claiming authority to represent such Person or other relevant documentation.

Section 11.03. Details of Documents Delivered to Trustee. Matters required to be stated in any document signed by any Authorized Officer or in any accountant's certificate, Counsel's Opinion or Officer's Certificate may be stated in separate documents of the required description or may be included in one or more thereof.

Section 11.04. Preservation and Inspection of Documents. All reports, certificates, statements and other documents received by the Trustee under the provisions hereof shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer, Fannie Mae or any Bondholder and their agents and representatives, any of whom may make copies thereof, but any such reports, certificates, statements or other documents may, at the election of the Trustee, be destroyed or otherwise disposed of at any time six years after such date as the pledge of the Trust Estate created hereby shall be discharged as provided in Section 7.01.

Section 11.05. No Recourse on Bonds. All covenants, stipulations, promises, agreements and obligations of the Issuer contained in this Indenture shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Issuer and not of any of its officers or employees or members of its governing body, past, present or future, in his or her individual capacity, and no recourse shall be had for the payment of the principal of, premium, if any, or Redemption Price or purchase price of or interest on the Bonds or for any claim based thereon or on this Indenture or any other Issuer Document or the Financing Documents against any such member, officer, employee or agent of the Issuer, past present or future, or any natural person executing the Bonds.

Section 11.06. Severability. If any one or more of the provisions, covenants or agreements in this Indenture on the part of the Issuer or the Trustee to be performed should be illegal, inoperative, unenforceable or contrary to law, then such provision or provisions, covenant or covenants, agreement or agreements, shall be deemed severable from the remaining provisions, covenants and agreements, and shall in no way affect the validity of the other provisions hereof or of the Bonds.

Section 11.07. Notices. Unless otherwise specified in this Indenture, it shall be sufficient service or giving of any notice, request certificate, demand or other communication if the same is sent by (and all notices required to be given by mail will be given by) first-class registered or certified mail, postage prepaid, return receipt requested, or by private courier service which provides evidence of delivery, or sent by Electronic Means which produces evidence of transmission, and in each case will be deemed to have been given on the date evidenced by the postal or courier receipt or other written evidence of delivery or electronic transmission. Unless a different address is given by any party as provided in this Section, all such communications will be addressed as follows:

- (a) As to the Issuer:

City and County of San Francisco,  
California City Hall  
1 Dr. Carlton B. Goodlett Place, Room 316  
San Francisco, California 94102  
Attention: City Controller

With a copy to:

City and County of San Francisco  
Mayor's Office of Housing and Community Development  
1 South Van Ness Avenue 5th Floor  
San Francisco California 94103  
Attention: Director

- (b) As to the Borrower or General Partner:

With copies to:

And to:

- (c) As to the Developer:

With copies to:

- (d) As to the Guarantors:

- (e) As to Investor Limited Partner:

Wincopin Circle LLLP  
c/o Enterprise Community Asset Management, Inc.  
70 Corporate Center  
11000 Broken Land Parkway, Suite 700  
Columbia, Maryland 21044  
Attention: Asset Management  
Phone: (410) 964-0552  
Fax (410) 772-2630

With copy to:

Gallagher Evelius & Jones LLP  
2108 North Charles Street, Suite 400  
Baltimore, Maryland 21201  
Attention: Kenneth S. Gross  
Phone: (410) 347-1367  
Fax: (410) 468-2786

(f) As to the Rating Agency:

(g) As to the Trustee:

With copies to:

(h) As to Lender:

Construction Period prior to Conversion:

Post Conversion to MBS:

With copies to:

(i) As to Fannie Mae:

Fannie Mae  
1100 15<sup>th</sup> Street, NW  
Drawer AM Washington, DC 20005  
Attention: Director, Multifamily Asset Management  
Phone: (202) 752-6634  
Facsimile: (240) 699-3880  
Re: City and County of San Francisco, California  
Multifamily Tax-Exempt Mortgage-Backed Bonds (M. TEBS)  
Series 2019A

With copies to:

DLA Piper LLP (US)  
2000 Avenue of the Stars  
Suite 400, North Tower  
Los Angeles, CA 90067  
Attention: Masood Sohaili  
Phone: (310) 595-3040  
Facsimile: (310) 595-3340

(j) As to the Remarketing Agent:

(k) As to Bloomberg:

Newcsni@bloomberg.net

fbialos@bloomberg.net

Copies of all notices given to Fannie Mae must be given concurrently to the Permanent Lender and the Construction Lender (but only prior to the Conversion Date). By notice given under this Indenture, any entity whose address is listed in this Section may designate any different address to which subsequent notices, certificates, requests, demands or other communications shall be sent, but no notice directed to any one such entity (except for Fannie Mae) will be required to be sent to more than two addresses. All approvals and notifications required under this Indenture will be given in writing. In addition, any notification required by any of the Financing Documents identified as such by the Lender and received by the Trustee from the Lender shall be sent by the Trustee to the Bondholders as soon as practical after receipt thereof.

Section 11.08. Certain Notices to be Provided to the Rating Agency. In addition, the Trustee shall provide notice to the Rating Agency under the following circumstances: (i) prepayments with respect to the MBS, in whole or in part; (ii) defeasance or discharge of this Indenture; (iii) release from the trust estate of (A) the pledge of the MBS or (B) the assignment of the MBS Revenues received; (iv) supplements or amendments to the Financing Documents or Mortgage Note; (v) extension of the MBS Delivery Date Deadline; (vi) remarketing of the Series K Bonds; and (vii) appointment of a successor Trustee.

Section 11.09. Action Required to be Taken on a Non-Business Day. In any case where any Payment Date, any other date fixed for the payment of interest on or principal of the Bonds, any maturity date or any date fixed for redemption of any Bonds, shall be a day other than a Business Day, then any payment of interest or principal (and premium, if any) required to be made on such date need not be taken or made on such date but may be taken or made on the next succeeding Business Day with the same force and effect as if made or taken on the date herein otherwise provided and, in the case of any Payment Date, no interest shall accrue for the period from and after such date.

Section 11.10. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Issuer, the Trustee, Fannie Mae and the holders of the Bonds, any right, remedy or claim under or by reason hereof, and any covenants, stipulations, obligations, promises and agreements in this Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Trustee, Fannie Mae and the Bondholders.

Section 11.11. Notification of Issuer of Amount of Outstanding Bonds. On or before each Calculation Date (as defined in the Regulatory Agreement), the Trustee shall promptly notify the Issuer, via mutually acceptable Electronic Means or by mail, of the aggregate principal amount of Outstanding Bonds as of the date of such notice.

Section 11.12. Tax Certificate. In the event of any conflict between this Indenture and the Tax Certificate, the requirements of the Tax Certificate shall control.



Section 11.13. Applicable Provisions of Law; Venue. This Indenture shall be governed exclusively by the applicable laws of the State, and any action arising out of this Indenture or the Bonds shall be filed and maintained in the City and County of San Francisco, California, unless the Issuer waives this requirement in writing.

Section 11.14. Bonds Not an Obligation of the State or Any Political Subdivision.

(a) Notwithstanding anything herein or in any other instrument to the contrary, the Bonds are limited obligations of the Issuer, payable solely from the Trust Estate and other funds and moneys pledged and assigned hereunder. None of the Issuer, the State, any political subdivision thereof (except the Issuer, to the limited extent set forth herein) or any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on the bonds or for the performance of any pledge, obligation or agreement of any kind whatsoever except as set forth herein, and none of the Bonds or any of the Issuer's agreements or obligations shall be construed to constitute an indebtedness of or a pledge of the faith and credit, or taxing power 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 agreements or provisions contained in this Indenture nor any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project, or the issuance, sale and delivery of the Bonds shall give rise to any pecuniary liability of the Issuer or a charge against the general credit of the Issuer, or shall obligate the Issuer financially in any way except as may be payable from the repayments by the Borrower under the Financing Agreement and the proceeds of the Bonds and other amounts pledged hereunder as part of the Trust Estate. No failure of the Issuer to comply with any term, condition, covenant or agreement herein or in any document executed by the Issuer in connection with the issuance and sale of the Bonds shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charge except to the extent that the same can be paid or recovered from the repayments by the Borrower under the Financing Agreement or proceeds of the Bonds and other amounts pledged hereunder as part of the Trust Estate. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant or agreement herein, provided that no costs, expenses or other monetary relief shall be recoverable from the Issuer except as may be payable from the repayments by the Borrower or the proceeds of the Bonds and other amounts pledged hereunder as part of the Trust Estate.

(b) No recourse may be had for the enforcement of any obligation, promise or agreement of the Issuer contained herein, in any other Issuer Document, in the Construction Loan Documents, Permanent Loan Documents or in the Bonds or for any claim based hereon or thereon or otherwise in respect hereof or thereof against any officer, agent, attorney or employee, as such, in his individual capacity, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty otherwise. No personal liability whatsoever will attach to, or be incurred by, any officer, agent, attorney or employee as such, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity, under or by reason of any of the obligations, promises or agreements entered into in the Bonds or between the Issuer and the

Trustee, whether contained herein or to be implied here from as being supplemental hereto; and all personal liability of that character against every such director, member, officer, agent, attorney and employee is, by the execution of this Indenture and as a condition of, and as part of the consideration for, the execution of this Indenture, expressly waived and released.

(c) Anything in this Indenture to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that (i) the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice, or other instrument furnished to the Issuer by the Trustee or the Borrower as to the existence of any fact or state of affairs required hereunder to be noticed by the Issuer; (ii) the Issuer shall not be under any obligation hereunder to perform any record keeping or to provide any legal services; and (iii) none of the provisions of this Indenture shall require the Issuer to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless it shall first have been adequately indemnified to its satisfaction against the cost, expenses, and liability which may be incurred thereby.

Section 11.15. No Recourse on the Bonds. No recourse shall be had for the payment of the principal or redemption price or purchase price of or interest on the Bonds or for any claim based thereon or on this Indenture or any other Issuer Document or the Construction Loan Documents or Permanent Loan Documents against any member of the Board of Supervisors of the Issuer, or any officer, employee or agent of the Issuer, or any person executing the Bonds.

Section 11.16. Exempt 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 member of the Board of Supervisors of the Issuer, or officer, director, employee or agent of the Issuer or the Trustee in his individual capacity, and neither the officers, directors, employees or agents of the Issuer or the Trustee executing the Bonds or this Indenture shall be liable personally on the Bonds or under this Indenture or be subject to any personal liability or accountability by reason of the issuance of the Bonds or the execution of this Indenture.

Section 11.17. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**[Signature Page Follows]**

**IN WITNESS WHEREOF**, the Issuer has caused this Indenture to be executed on its behalf by its Authorized Officers and the Trustee, to evidence its acceptance of the trusts created hereunder, has caused this Indenture to be executed in its name by its duly authorized signatories, all as of the day and year first above written.

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

By: \_\_\_\_\_

\_\_\_\_\_  
Director, Mayor's Office of Housing and  
Community Development

Approved as to form:

DENNIS J. HERRERA  
City Attorney

By: \_\_\_\_\_

Kenneth D. Roux,  
Deputy City Attorney

**[TRUSTEE],**  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

EXHIBIT A-1

FORM OF 2019 SERIES J BOND

No. RA-1

\$[\_\_\_\_\_]

UNITED STATES OF AMERICA  
CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA  
MULTIFAMILY TAX-EXEMPT MORTGAGE-BACKED BONDS  
(M. TEBS) (EASTERN PARK APARTMENTS PROJECT)  
2019 SERIES J

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE OF TRUST) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

<u>Bond Interest Rate</u>	<u>Bond Maturity Date</u> <sup>1</sup>	<u>Final Payment</u> <u>Date</u>	<u>Bond Dated Date</u>	<u>Bond CUSIP</u> <u>Number</u>
[_____]%	[_____]	[_____]	[_____]	[_____]

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: [\_\_\_\_\_]

The CITY AND COUNTY OF SAN FRANCISCO (hereinafter called the "Issuer"), a municipal corporation and chartered city and county duly organized and validly existing under its Charter and the Constitution and the laws of the State of California (the "State"), for value received, hereby promises to pay by check (but only from the sources specified in the Indenture hereinafter referred to) to the Registered Owner named above or registered assigns, on the Bond Maturity Date stated above subject to the provisions of the Indenture, including, but not limited to, the definition of Payment Date therein and as hereinafter defined (unless this Series J Bond shall have been previously called for redemption and payment of the Redemption Price shall have been made or duly provided for) the Principal Amount stated above in lawful money of the United States of America, and to pay interest thereon in like lawful money at the Pass-Through Rate specified above in the amounts as accrued and for the periods interest is paid (except in connection with a redemption of Series J Bonds upon failure to purchase the MBS as described

<sup>1</sup>Subject to final payment of principal with respect to the MBS (as hereafter defined) which will be passed through to the Bondholders on the Final Payment Date.

in the Indenture) pursuant to the terms of the MBS, payable on each Payment Date. Interest shall be calculated on the basis of a year of Actual/360. The payment of interest on a Payment Date is the interest accrued during the preceding calendar month. There shall be no further accrual of interest on the Series J Bonds during the period from the Bond Maturity Date to the Final Payment Date. Notwithstanding anything herein to the contrary, on and after the MBS Delivery Date, the principal, interest and premium, if any, payable on the Series J Bonds will be calculated, except with respect to interest payable on the Series J Bonds if redeemed upon failure to purchase the MBS as described in the Indenture, at the same rate and for the same periods as interest, principal and premium, if any, payable on the MBS, and will be paid, except with respect to interest payable on the Series J Bonds if redeemed upon failure to purchase the MBS as described in the Indenture (which will be paid on the redemption date), one Business Day following receipt by the Trustee pursuant to the MBS.

“Payment Date” means (i) the 26th day of the month following the month in which the Closing Date occurs and the 26th day of each month thereafter, or the next succeeding Business Day if such 26th day is not a Business Day, until and including the 26th day of the month in which the MBS Delivery Date occurs, and (ii) commencing in the first month immediately following the month in which the MBS Delivery Date occurs, the Business Day immediately after the date of receipt by the Trustee of a payment received on the MBS. The payment of interest on a Payment Date shall relate to the interest accrued during the preceding calendar month. There shall be no further accrual of interest from the Bond Maturity Date to the Final Payment Date.

Interest hereon is payable by [Trustee] (the “Trustee”). On each Payment Date, payment of the principal of and interest or premium, if any, on any Series J Bond shall be made to the person appearing on the Bond Register as the registered owner thereof on the applicable Record Date. The principal of and the interest on the Series J Bonds shall be payable in coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts of the United States of America. Unless the Series J Bonds are Book-Entry Bonds, the principal of the Series J Bonds shall be payable to the registered owners thereof upon presentation (except in connection with a redemption of Series J Bonds from principal payments or prepayments on the MBS) at the designated corporate trust office of the Trustee or its successors. Unless the Series J Bonds are Book-Entry Bonds, payments of interest on the Series J Bonds and redemption of Series J Bonds from principal payments or prepayments on the MBS shall be paid by check or draft mailed to the registered owner thereof at such owner’s address as it appears on the registration books maintained by the Trustee on the applicable Record Date or at such other address as is furnished to the Trustee in writing by such owner. All payments of principal of and interest on Book-Entry Bonds shall be made and given at the times and in the manner set out in the representation letter of The Depository Trust Company, New York, New York and the provisions of the Indenture related thereto, or any replacement securities depository appointed under the Indenture.

The date of authentication of each Series J Bond shall be the date such Series J Bond is registered.

The Series J Bonds shall be subject to redemption prior to maturity as follows:

(a) Mandatory Redemption prior to MBS Delivery Date. Prior to the first day of the first month following the MBS Delivery Date, the Series J Bonds are subject to mandatory redemption in part on any Payment Date in an amount equal to the amount due on the first day of the month in which such Payment Date occurs as shown in the Permanent Loan Amortization Schedule, payable with respect to principal first, from money on deposit in the Series J Account of the Collateral Fund, and second, from money on deposit in the Bond Proceeds Fund and with respect to interest, from money on deposit in the Series J Account of the Revenue Fund.

(b) Mandatory Redemption upon Failure to Convert by the Termination Date or Failure to Purchase the MBS. The Series J Bonds are subject to mandatory redemption in whole five (5) calendar days after the MBS Delivery Date Deadline (as such date may be extended pursuant to the Indenture) at a Redemption Price equal to 100% of the Outstanding principal amount thereof, plus interest accrued but unpaid from the first day of the month in which the last Payment Date occurred to such redemption date, if (i) the Conversion Date has not occurred on or prior to the Termination Date or (ii) the MBS Delivery Date has not occurred on or prior to the MBS Delivery Date Deadline, as such date may be extended, payable with respect to principal first, from money on deposit in the Series J Account of the Collateral Fund, and second, from money on deposit in the Series J Bond Proceeds Account of the Bond Proceeds Fund and with respect to interest and premium, if any, from money on deposit in the Series J Account of the Revenue Fund.

(c) Mandatory Redemption on the MBS Delivery Date. The Series J Bonds are subject to mandatory redemption in part on the MBS Delivery Date at a Redemption Price equal to 100% of the principal amount of the Series J Bonds to be redeemed, plus interest accrued but unpaid from the first day of the month in which the last Payment Date occurred to the MBS Delivery Date, in an amount equal to the difference between (i) the principal amount of the MBS purchased on the MBS Delivery Date and (ii) the aggregate principal amount of the Series J Bonds Outstanding as of the first day of the month in which the MBS Delivery Date occurred, payable with respect to principal first, from money on deposit in the Series J Account of the Collateral Fund, and second, from money on deposit in the Series J Bond Proceeds Account of the Bond Proceeds Fund and with respect to interest and premium, if any, from money on deposit in the Series J Account of the Series J Account of the Revenue Fund.

(d) Mandatory Redemption Following the MBS Delivery Date. Following the MBS Delivery Date, the Series J Bonds are subject to mandatory redemption in part in an amount equal to, and one Business Day after the date on which, each principal payment or prepayment is received pursuant to the MBS at a Redemption Price equal to 100% of the principal amount received pursuant to the MBS, plus interest and premium, if any, received pursuant to the MBS.

(e) Mandatory Redemption in Lieu of Exchange. The Series J Bonds are subject to mandatory redemption in part in the event the Issuer elects pursuant to the Indenture to redeem a Beneficial Owner's Series J Bonds for an amount equal to the Cash Value in lieu of delivering to the Beneficial Owner of the Series J Bonds its proportionate interest in the MBS based upon its proportionate interest in the Series J Bonds. Any such redemption shall be made in the amounts, from the sources and in accordance with the provisions of the Indenture.

Notwithstanding anything to the contrary herein, the Series J Bonds are not subject to optional redemption.

Anytime the Series J Bonds are to be redeemed pursuant to the Indenture, the Trustee shall give at least twenty (20) Business Days' notice, in the name of the Issuer, of the redemption of the Series J Bonds, which notice shall specify the following: (i) the maturity and principal amounts of the Series J Bonds to be redeemed; (ii) the CUSIP number, if any, of the Series J Bonds to be redeemed; (iii) the date of such notice; (iv) the issuance date for such Series J Bonds; (v) the interest rate on the Series J Bonds to be redeemed; (vi) the redemption date; (vii) any conditions to the occurrence of the redemption; (viii) the place or places where amounts due upon such redemption will be payable; (ix) the Redemption Price; (x) the Trustee's name and address with a contact person and a phone number; and (xi) that on the redemption date, the Redemption Price shall be paid. Notice delivered as required in this paragraph with respect to a redemption pursuant to Section (b), above, may be rescinded and annulled on or before the MBS Delivery Date Deadline if (i) the MBS is delivered on or prior to the MBS Delivery Date Deadline or (ii) the MBS Delivery Date Deadline is extended pursuant to the Indenture. Neither the giving of such notice by the Trustee nor the receipt of such notice by the Bondholders shall be a condition precedent to the effectiveness of any such redemption. Notwithstanding anything herein to the contrary, no notice of redemption shall be required with respect to redemptions pursuant to Sections (a) or (d) above, and notice of redemption required in connection with a redemption pursuant to Section (e) above shall be given as described in the Indenture.

A Beneficial Owner of the Series J Bonds may file with the Trustee a written request to exchange Series J Bonds for a like principal amount of the MBS subject to and in accordance with the Indenture.

This Series J Bond is one of the duly authorized bonds of the Issuer designated as Multifamily Tax-Exempt Mortgage-Backed Bonds (M. TEBS) (Eastern Park Apartments), 2019 Series J (the "Series J Bonds"), limited in aggregate principal amount to \$\_\_\_\_\_ issued pursuant to the Act and pursuant to an Indenture of Trust, dated as of December 1, 2019, by and between the Issuer and the Trustee (the "Indenture") and a resolution duly adopted by the governing body of the Issuer. The Series J Bonds are limited obligations of the Issuer payable from and all equally secured by the lien of the Indenture, and the other security pledged thereby, including certain funds and accounts created pursuant thereto. The Series J Bonds are issued for the benefit of Eastern Park Apartments LP (the "Borrower"), to finance a multifamily rental housing development within the City and County of San Francisco, known as Eastern Park Apartments (the "Project"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned in the Indenture.

The payment and other obligations of the Issuer with respect to the Series J Bonds are intended to be, and shall be, independent of the payment and other obligations of the issuer or maker of the Bond Loan Notes, the Mortgage Note and the MBS (as hereafter defined), even though the principal amount of all three instruments is expected to be identical, except in the case of a default with respect to one or more of the instruments.

The Series J Bonds are secured by certain funds held under the Indenture as described therein, and after the MBS Delivery Date, if any, by (i) the pledge of a MBS (the "MBS") issued



by the Federal National Mortgage Association (“Fannie Mae”) and delivered to the Trustee, under the terms of which timely payment of principal of and interest on the MBS is guaranteed by Fannie Mae regardless of whether corresponding payments on the Permanent Loan are paid when due, and (ii) amounts payable under and pursuant to the MBS. After the MBS Delivery Date, the MBS is held in trust and pledged under the Indenture to secure the payment of the Series J Bonds.

Reference is hereby made to the Act and to the Indenture, a copy of which is on file at the principal office of the Trustee, and all indentures supplemental thereto for a description of the rights thereunder of the registered owners of the Series J Bonds, of the payments and funds pledged and assigned as security for payment of the Series J Bonds and the nature and extent thereof, of the terms on which the Series J Bonds are issued and the terms and conditions on which the Series J Bonds will be deemed to be paid at or prior to maturity or redemption upon provision for payment thereof in the manner set forth in the Indenture, of the rights, duties and immunities of the Trustee and of the rights and obligations of the Issuer thereunder, to all of the provisions of which Indenture the registered owner of this Series J Bond, by acceptance hereof, assents and agrees.

The Series J Bonds are subject to redemption in the amounts and on the dates, in whole or in part, in the event of optional prepayment of amounts payable under the Permanent Loan and a corresponding prepayment of the MBS.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE. NEITHER THE ISSUER, THE STATE OF CALIFORNIA (THE “STATE”), NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER’S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT, OR TAXING POWER 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.

THE OBLIGATION OF THE ISSUER ON THIS BOND ARE EXPRESSLY LIMITED TO AND ARE PAYABLE SOLELY FROM (I) THE PAYMENTS MADE BY THE BORROWER PURSUANT TO THE FINANCING AGREEMENT AND THE BOND LOAN NOTES, AND THE SECURITY THEREFOR PROVIDED BY THE MBS AND THE MORTGAGE AND ANY OTHER COLLATERAL SECURITY FROM TIME TO TIME HELD BY THE TRUSTEE, AND (II) ANY ADDITIONAL SECURITY PROVIDED IN THE INDENTURE.

The registered owner of this Series J Bond shall have no right to enforce the provisions of the Indenture or to institute actions to enforce the pledge, assignments in trust or covenants made

therein or to take any action with respect to an Event of Default under the Indenture or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture.

If an Event of Default shall occur, the principal of all Series J Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that in certain events such declaration and its consequences may be rescinded by the holders of at least a majority in aggregate principal amount of the Series J Bonds then Outstanding.

The Series J Bonds are issuable only as fully registered Series J Bonds without coupons in denominations of \$1,000.00 or any integral multiple of \$1.00 in excess thereof (an "Authorized Denomination"). Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Indenture, Series J Bonds may be exchanged at the designated corporate trust office of the Trustee for Series J Bonds in the same aggregate principal amount.

The registration of this Series J Bond is transferable by the registered owner hereof in person or by its attorney duly authorized in writing at the designated corporate trust office of the Trustee. Upon surrender for registration of transfer of this Series J Bond at such office, the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Series J Bond of the same maturity or maturities and Authorized Denomination for the same aggregate principal amount. Series J Bonds to be exchanged shall be surrendered at said designated corporate trust office of the Trustee, and the Trustee shall authenticate and deliver in exchange therefore a Series J Bond of equal aggregate principal amount of the same maturity and Authorized Denomination.

In any case where any Payment Date, any other date fixed for the payment of interest on or principal of the Series J Bonds, any maturity date or any date fixed for redemption of any Series J Bonds, shall be a day other than a Business Day, then any payment of interest or principal (and premium, if any) required to be made on such date need not be taken or made on such date but may be taken or made on the next succeeding Business Day with the same force and effect as if made or taken on the date herein otherwise provided and, in the case of any Payment Date, no interest shall accrue for the period from and after such date.

The Issuer and the Trustee shall treat the registered owner of this Series J Bond as the owner hereof for all purposes, and any notice to the contrary shall not be binding on the Issuer and the Trustee.

The Indenture contains provisions permitting the Issuer and the Trustee, with the written consent of Fannie Mae and the registered owners of not less than two thirds in aggregate principal amount of the Series J Bonds Outstanding, as specified in the Indenture, and in certain instances without such consent, to execute supplemental indentures adding any provisions to, or changing in any manner, or eliminating any of the provisions of, the Indenture; *provided, however,* that no such supplemental indenture shall (a) permit a change in the terms of redemption or maturity of the principal amount of any Outstanding Series J Bond or an extension of the date for payment of any installment of interest thereon or a reduction in the principal amount of, premium, if any, or the rate of interest on any Outstanding Series J Bond without the

consent of the holder of such Series J Bond, (b) reduce the proportion of Series J Bonds the consent of the holders of which is required to effect any such modification or amendment or to effectuate an acceleration of the Series J Bonds prior to maturity, (c) permit the creation of a lien on the Trust Estate pledged under the Indenture prior to or on a parity with the lien of the Indenture, (d) deprive the holders of the Series J Bonds of the lien created by the Indenture upon such Trust Estate (except as expressly provided in the Indenture), without (with respect to clauses (b) through (d)) the consent of the holders of all Series J Bonds then Outstanding, or (e) change or modify any of the rights or obligations of the Trustee without the written consent thereto of the Trustee.

Neither the members of the governing body of the Issuer nor any officer, agent, representative or employee of the Issuer nor any person executing this Series J Bond shall be subject to any personal liability or accountability by reason of the issuance hereof, whether by virtue of any Constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly waived as a condition of and in consideration for the execution of the Indenture and the issuance of the Series J Bonds.

This Series J Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

Notwithstanding any provision of this Bond to the contrary, in no event shall the interest contracted for, charged or received in connection with this Bond (including any other costs or considerations that constitute interest under the laws of the State which are contracted for, charged or received pursuant to this Bond) exceed the maximum rate of nonusurious interest allowed under the laws of the State as presently in effect and to the extent of any increase allowable by such laws. To the extent permitted by law, interest contracted for, charged or received on this Bond shall be allocated over the entire term of this Bond, to the end that interest paid on this Bond does not exceed the maximum amount permitted to be paid thereon by law. Excess interest, if any, provided for in this Bond, or otherwise, shall be canceled automatically as of the date of such acceleration or, if theretofore paid, shall be credited as principal paid on this Bond.

It is certified and recited that all conditions, acts and things required by the statutes of the State or by the Act or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this Bond exist, have happened and have been performed and that the issue of the Bonds, together with all other indebtedness of the Issuer, is within every debt and other limit prescribed by said statutes and said Act.

In the event of any inconsistencies between the provisions of this Series J Bond and the provisions of the Indenture, the provisions of the Indenture shall control.

**IN WITNESS WHEREOF**, the City and County of San Francisco has caused this Bond to be executed in its name by the manual or facsimile signature of its Mayor, as of the Closing Date.

**CITY AND COUNTY OF SAN  
FRANCISCO**

By: \_\_\_\_\_  
Mayor

**[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]**

This Series J Bond is one of the bonds described in the within mentioned Indenture.

Date of Authentication: \_\_\_\_\_, 2019

**[TRUSTEE]** as Trustee

By: \_\_\_\_\_  
Authorized Officer

[FORM OF ASSIGNMENT]

For value received, the undersigned do(es) hereby sell, assign and transfer unto

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Name, Address and Tax Identification or Social  
Security Number of Assignee)

the within registered Series J Bond and do(es) hereby irrevocably constitute and appoint, attorney, to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by  
an eligible guarantor.

\_\_\_\_\_  
NOTICE: The signature on this assignment  
must correspond with the name(s) as written  
on the face of the within Series J Bond in every  
particular without alteration or enlargement or  
any change whatsoever.

**EXHIBIT A-2**

**FORM OF 2019 SERIES K BOND**

No. RB-1

\$[\_\_\_\_\_]

UNITED STATES OF AMERICA  
CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA  
MULTIFAMILY HOUSING REVENUE BONDS  
(EASTERN PARK APARTMENTS PROJECT)  
2019 SERIES K

NOTICE: Unless this certificate is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

**DATED DATE            INTEREST RATE            MATURITY DATE            CUSIP NUMBER**

\_\_\_\_\_                            \_\_\_\_%                            [\_\_\_\_\_]                            \_\_\_\_\_

REGISTERED OWNER:    CEDE & CO.

PRINCIPAL AMOUNT:    \_\_\_\_\_ (\$\_\_\_\_\_)

INITIAL MANDATORY TENDER DATE: \_\_\_\_\_, 20\_\_

The CITY AND COUNTY OF SAN FRANCISCO (hereinafter called the "Issuer"), a municipal corporation and chartered city and county duly organized and validly existing under its Charter and the Constitution and the laws of the State of California (the "State"), for value received, promises to pay to the Registered Owner specified above or registered assigns, but solely from the sources and in the manner referred to herein, the Principal Amount specified above on the Maturity Date specified above (subject to the rights of redemption and tender set forth herein), and to pay from those sources interest on the unpaid principal balance of said Principal Amount calculated at the aforesaid Initial Series K Bond Rate (a) January 1 and July 1 of each year, beginning on \_\_\_\_\_, (ii) each Mandatory Redemption Date described in the Indenture, (iii) each Mandatory Tender Date, (iv) the Bond Maturity Date and (v) the date of acceleration of the Series K Bonds (the "**Payment Dates**") until the principal amount is paid or duly provided for. This Series K Bond will bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from its above dates as of date.

This Series K Bond shall be dated as of the Bond Dated Date, shall bear interest, payable on each Payment Date, from the date of issuance to but not including the Initial Mandatory

Tender Date at a rate per annum equal to the Initial Series K Bond Rate and thereafter shall bear interest at the Remarketing Rate for each subsequent Remarketing Period (as defined in the Indenture), and shall mature (subject to prior redemption as set forth herein) on the Bond Maturity Date. Interest on this Series K Bond shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

On each Payment Date, payment of the principal of and interest or premium, if any, on any Bond shall be made to the person appearing on the Bond Register as the registered owner thereof on the applicable Record Date. The principal of and the interest on the Series K Bonds shall be payable in coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts of the United States of America. Unless the Series K Bonds are Book-Entry Bonds, the principal of the Series K Bonds shall be payable to the registered owners thereof upon presentation at the designated corporate trust office of the Trustee or its successors. Unless the Series K Bonds are Book-Entry Bonds, payments of interest on the Series K Bonds and redemption of the Series K Bonds pursuant to the Indenture shall be paid by check or draft mailed to the registered owner thereof at such owner's address as it appears on the registration books maintained by the Trustee on the applicable Record Date or at such other address as is furnished to the Trustee in writing by such owner. The Trustee shall cause CUSIP number identification with appropriate dollar amounts for each CUSIP number to accompany all payments of interest and/or principal made to such owners, whether such payment is made by check or wire transfer.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED UNDER THE INDENTURE. NEITHER THE ISSUER, THE STATE OF CALIFORNIA (THE "STATE"), NOR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT, OR TAXING POWER 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.

THE OBLIGATION OF THE ISSUER ON THIS BOND ARE EXPRESSLY LIMITED TO AND ARE PAYABLE SOLELY FROM (I) THE PAYMENTS MADE BY THE BORROWER PURSUANT TO THE FINANCING AGREEMENT AND THE BOND LOAN NOTES, AND THE SECURITY THEREFOR PROVIDED BY THE MBS AND THE MORTGAGE AND ANY OTHER COLLATERAL SECURITY FROM TIME TO TIME HELD BY THE TRUSTEE, AND (II) ANY ADDITIONAL SECURITY PROVIDED IN THE INDENTURE.

This Series K Bond is one of a duly authorized issue of City and County of San Francisco, California, Multifamily Housing Revenue Bonds, 2019 Series K (Eastern Park



Apartments) (the “**Series K Bonds**”), issuable under the Indenture of Trust dated as of December 1, 2019 (the “**Indenture**”), between the Issuer and the Trustee, aggregating in principal amount \$24,834,000 and used for the purpose of financing a loan to be made to Eastern Park Apartments LP, a California limited partnership (the “**Borrower**”). The loan will be used by the Borrower to pay a portion of the costs of acquiring, constructing and equipping the Project, as defined in the Indenture, as further provided in the Financing Agreement dated as of even date with the Indenture (the “**Financing Agreement**”), between the Issuer and the Borrower. The Series K Bonds are special limited obligations of the Issuer, issued or to be issued under and are to be secured and entitled equally and ratably to the protection given by the Indenture. The Series K Bonds are issued pursuant to, under authority of and in compliance with the Act (as defined in the Indenture) and the Indenture.

The Series K Bonds are subject to redemption and tender prior to their stated maturity as follows:

(a) Optional Redemption. The Series K Bonds are not subject to optional redemption prior to the Initial Mandatory Tender Date.

(b) Mandatory Redemption. The Series K Bonds shall be redeemed in whole at a redemption price of 100% of the principal amount of such Series K Bond, plus accrued interest to the Redemption Date, on any Mandatory Tender Date upon the occurrence of any of the following events: (i) the Borrower has elected not to remarket the Series K Bonds, (ii) the conditions precedent to a remarketing, set forth in the Indenture, have not been met by the dates and times required, or (iii) the proceeds of a remarketing on deposit are insufficient to pay the purchase price of the Outstanding Series K Bonds on such Mandatory Tender Date.

(c) Mandatory Tender. The Series K Bonds are subject to mandatory tender in whole on each Mandatory Tender Date. Holders will not have the right to elect to retain their Series K Bonds. Upon presentation and surrender of the Series K Bonds by the Holder on the date fixed for tender, the Holder shall be paid the principal amount of the Series K Bonds to be tendered, plus accrued interest on such Series K Bonds to the tender date. Upon the occurrence of the events described in paragraph (b) above, Series K Bonds tendered for purchase shall not be purchased, but rather shall be redeemed on the Mandatory Tender Date at a redemption price equal to the principal amount of the Series K Bonds tendered, plus accrued interest on such Series K Bonds to the tender date.

Reference is made to the Indenture for a more complete description of the Project, the provisions, among others, with respect to the nature and extent of the security for the Series K Bonds, the rights, duties and obligations of the Issuer, the Trustee and the Holders of the Series K Bonds, and the terms and conditions upon which the Series K Bonds are issued and secured. Each Holder assents, by its acceptance hereof, to all of the provisions of the Indenture.

The Borrower is required by the Financing Agreement to cause the Construction Lender (as defined in the Indenture) to deposit, on its behalf, Eligible Funds (as defined in the Indenture) with the Trustee in the amounts and at the times necessary to pay the principal of and interest (the “**Bond Service Charges**”) on the Series K Bonds. In the Indenture, the Issuer has assigned to the Trustee, to provide for the payment of the Bond Service Charges on the Series K Bonds,

the Issuer's right, title and interest in and to the Financing Agreement, except for Reserved Rights as defined in the Indenture. To secure its compliance with certain covenants in the Financing Agreement and in the Tax Certificate (as defined in the Indenture), each dated as of December 1, 2019, the Borrower has executed and delivered the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of December 1, 2019 (the "**Regulatory Agreement**"), among the Issuer, the Borrower and the Trustee.

Copies of the Indenture, the Financing Agreement, the Regulatory Agreement and the Tax Certificate are on file in the designated corporate trust office of the Trustee.

The Bond Service Charges on the Series K Bonds are payable solely from the Trust Estate, as defined and as provided in the Indenture, and are an obligation of the Issuer only to the extent of amounts pledged under the Trust Estate. The Series K Bonds are not secured by an obligation or pledge of any money raised by taxation and do not represent or constitute a debt or pledge of the faith and credit of the Issuer.

The Series K Bonds are issuable only as fully registered bonds and, except as hereinafter provided, in printed or typewritten form, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**DTC**"), which shall be considered to be the Holder for all purposes of the Indenture, including, without limitation, payment by the Issuer of Bond Service Charges, and receipt of notices to, giving of consents by and exercise of rights of, Holders. There shall be a single Bond representing each maturity, and all Series K Bonds shall be immobilized in the custody of DTC with the owners of beneficial interests in those Series K Bonds (the "**Book-Entry interests**") having no right to receive from the Issuer Series K Bonds in the form of physical securities or certificates. Ownership of Book-Entry interests in the Series K Bonds shall be shown by Book-Entry on the system maintained and operated by DTC, its participants (the "**Participants**") and certain persons acting through the Participants, and transfers of ownership of Book-Entry interests shall be made only by that Book-Entry system, the Issuer and the Trustee having no responsibility therefor. DTC is to maintain records of the positions of Participants in the Series K Bonds, and the Participants and persons acting through Participants are to maintain records of the purchasers and owners of Book-Entry interests in the Series K Bonds. The Series K Bonds as such shall not be transferable or exchangeable, except for transfer to another Depository (as defined in the Indenture) or to another nominee of a Depository, without further action by the Issuer and otherwise at the expense of the Borrower.

If any Depository determines not to continue to act as a Depository for the Series K Bonds for use in a Book-Entry system, the Issuer may attempt to have established a securities depository/Book-Entry system relationship with another qualified Depository under the Indenture. If the Issuer does not or is unable to do so, the Issuer and the Trustee, after the Trustee has made provision for notification of the owners of Book-Entry interests by the then Depository, shall permit withdrawal of the Series K Bonds from the Depository, and authenticate and deliver Bond certificates in fully registered form (in denominations of \$5,000, or any integral multiple of \$5,000 in excess thereof) to the assignees of the Depository or its nominee, all at the cost and expense (including costs of printing or otherwise preparing and delivering replacement Bond certificates) of those persons requesting such authentication and delivery, if the event is not the result of Issuer action or inaction (including action at the request of the Borrower).

The Indenture permits certain amendments or supplements to the Indenture, the Financing Agreement, the Tax Certificate, the Regulatory Agreement and the Series K Bond Loan Note not prejudicial to the Holders to be made without the consent of or notice to the Holders, and certain other amendments or supplements thereto to be made with the consent of the Holders of not less than a majority in aggregate principal amount of the Series K Bonds then Outstanding.

The Holder of each Series K Bond has only those remedies provided in the Indenture.

Notwithstanding any provision of this Bond to the contrary, in no event shall the interest contracted for, charged or received in connection with this Bond (including any other costs or considerations that constitute interest under the laws of the State which are contracted for, charged or received pursuant to this Bond) exceed the maximum rate of nonusurious interest allowed under the laws of the State as presently in effect and to the extent of any increase allowable by such laws. To the extent permitted by law, interest contracted for, charged or received on this Bond shall be allocated over the entire term of this Bond, to the end that interest paid on this Bond does not exceed the maximum amount permitted to be paid thereon by law. Excess interest, if any, provided for in this Bond, or otherwise, shall be canceled automatically as of the date of such acceleration or, if theretofore paid, shall be credited as principal paid on this Bond.

It is certified and recited that all conditions, acts and things required by the statutes of the State or by the Act or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this Bond exist, have happened and have been performed and that the issue of the Bonds, together with all other indebtedness of the Issuer, is within every debt and other limit prescribed by said statutes and said Act.

This Series K Bond shall not be entitled to any security or benefit under the Indenture or be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed.

[Signature Pages Follow]

**IN WITNESS WHEREOF**, the City and County of San Francisco has caused this Bond to be executed in its name by the manual or facsimile signature of its Mayor, as of the Closing Date.

**CITY AND COUNTY OF SAN  
FRANCISCO**

By: \_\_\_\_\_  
Mayor

**CERTIFICATE OF AUTHENTICATION**

This Series K Bond is one of the Series K Bonds described in the within-mentioned Indenture.

Date of Registration and Authentication: \_\_\_\_\_, 2019.

**[TRUSTEE]** as Trustee

By: \_\_\_\_\_  
Authorized Officer

**ASSIGNMENT**

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Series K Bond and irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer that Series K Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:  
\_\_\_\_\_

Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agent Medallion Program or in such other guarantee program acceptable to the Registrar.

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Please insert social security number or other tax identification number of transferee  
\_\_\_\_\_

\_\_\_\_\_

**DTC FAST RIDER**

Each Series K Bond shall remain in the Trustee's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Trustee and DTC.

## EXHIBIT B

### NOTICE OF REQUEST TO EXCHANGE

City and County of San Francisco, California  
Multifamily Tax-Exempt Mortgage-Backed Bonds (M. TEBS),  
(Eastern Park Apartments), 2019 Series J

The undersigned Beneficial Owner of the City and County of San Francisco, California Multifamily Tax-Exempt Mortgage-Backed Bonds (M. TEBS) (Eastern Park Apartments), 2019 Series J (the “Series J Bonds”), hereby requests [Trustee] (the “Trustee”) to exchange Series J Bonds in an original face amount and current principal amount equal to \$\_\_\_\_\_ and \$\_\_\_\_\_, respectively, for a like original face amount and current principal amount of the MBS. The Series J Bonds were issued pursuant to an Indenture of Trust dated as of December 1, 2019 (the “Indenture”), by and between the City and County of San Francisco, California (the “Issuer”) and the Trustee. The undersigned has arranged with its securities dealer (and/or DTC participant) to deliver such Series J Bonds to the Trustee (via DTC withdrawal or Deposit/Withdrawal At Custodian (“DWAC”)) on or before the sixth (6<sup>th</sup>) business day next succeeding the date hereof (such business day being the “Exchange Date”). Once the Issuer has validated the exchange requested hereby and the DTC DWAC has been verified and settled by the Trustee, the Trustee is hereby requested to deliver free the above-referenced original face and current principal amount of the MBS using the automated book-entry system maintained by the Federal Reserve Banks acting as depositories for the issuer of the MBS in accordance with the Beneficial Owner’s Fed delivery instructions. Such MBS will be (1) in book-entry form and (2) transferred in accordance with current market practices, including the applicable provisions of the SIFMA’s Uniform Practices for the Clearance and Settlement of Mortgage-Backed Securities and Other Related Securities. The undersigned Beneficial Owner shall pay the Trustee’s exchange fee in the amount of \$1,000 by wire transfer on the Exchange Date. If the Exchange Date is subsequent to a Record Date and prior to a corresponding Payment Date for the Series J Bonds, the Trustee shall wire the applicable principal and interest payments on the Series J Bonds to the undersigned Beneficial Owner using the wire instructions set forth below. The undersigned acknowledges that the submission of this notice of request (the “Notice”) is subject to all of the terms and conditions of the Indenture.

Capitalized terms used in this Notice but not defined herein shall have the meanings assigned such terms in the Indenture.

[Signatures on Following Page]

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_

**SIGNATURE GUARANTEE**

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

Beneficial Owner's Fed delivery instructions:

Beneficial Owner's wire instructions:

Trustee's wire instructions:



**EXHIBIT C**

**PERMANENT LOAN AMORTIZATION SCHEDULE**

## EXHIBIT D

### CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS

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

Section 1. Nondiscrimination; Penalties.

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

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

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

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

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

Section 4. Alcohol and Drug-Free Workplace. The City reserves the right to deny access to, or require the Trustee to remove from, City facilities personnel of such Trustee who the City has reasonable grounds to believe has engaged in alcohol abuse or illegal drug activity which in any way impairs the City’s ability to maintain safe work facilities or to protect the

health and well-being of City employees and the general public. The City shall have the right of final approval for the entry or re-entry of any such person previously denied access to, or removed from, City facilities. Illegal drug activity means possessing, furnishing, selling, offering, purchasing, using or being under the influence of illegal drugs or other controlled substances for which the individual lacks a valid prescription. Alcohol abuse means possessing, furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol.

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

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

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

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

Section 9. Requiring Health Benefits for Covered Employees. The Trustee shall comply with San Francisco Administrative Code Chapter 12Q. The Trustee shall choose and

perform one of the Health Care Accountability options set forth in San Francisco Administrative Code Chapter 12Q.3. The Trustee is subject to the enforcement and penalty provisions in Chapter 12Q.

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

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

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

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

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

Section 13. Reserved.

Section 14. Submitting False Claims; Monetary Penalties. The full text of San Francisco Administrative Code §§ 21.35, including the enforcement and penalty provisions, is incorporated into this Indenture. Under San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

Section 15. Conflict of Interest. By entering into the Indenture, the Trustee certifies that it does not know of any fact which constitutes a violation of Section 15.103 of the City's Charter; Article III, Chapter 2 of City's Campaign and Governmental Conduct Code; Title 9, Chapter 7 of the California Government Code (Section 87100 et seq.), or Title 1, Division 4, Chapter 1, Article 4 of the California Government Code (Section 1090 et seq.), and further agrees promptly to notify the City if it becomes aware of any such fact during the term of this Indenture.

Section 16. Assignment. The services provided under the Indenture to be performed by the Trustee are personal in character and neither this Indenture nor any duties or obligations may be assigned or delegated by the Trustee unless first approved by the City by written instrument executed and approved in the same manner as this Indenture. Any purported assignment made in violation of this provision shall be null and void.

Section 17. Food Service Waste Reduction Requirements. The Trustee shall comply with the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including but not limited to the provided remedies for noncompliance.

Section 18. Cooperative Drafting. This Indenture has been drafted through a cooperative effort of the City and the Trustee, and all parties have had an opportunity to have the Indenture reviewed and revised by legal counsel. No party shall be considered the drafter of this Indenture, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Indenture.

Section 19. Laws Incorporated by Reference. The full text of the laws listed in this Appendix, including enforcement and penalty provisions, are incorporated into this Indenture by reference. The full text of the San Francisco Municipal Code provisions incorporated by reference in this Appendix are available at [www.sfgov.org](http://www.sfgov.org) under "Open Gov."

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

Section 21. First Source Hiring Program. The Trustee must comply with all of the provisions of the First Source Hiring Program, Chapter 83 of the San Francisco Administrative Code, that apply to this Indenture, and the Trustee is subject to the enforcement and penalty provisions in Chapter 83.

Section 22. Prevailing Wages. Trustee understands and agrees that all provisions of section 1770, et seq., of the California Labor Code are required to be incorporated into every contract for any public work or improvement and are hereby incorporated into this Indenture. Trustee also understands and agrees that all provisions of sections 6.22E and 6.22F of the San Francisco Administrative Code are hereby incorporated into this Indenture. Trustee also understands and agrees that all applicable provisions of the Davis-Bacon Act (40 U.S.C. §§3141 et seq.) are hereby incorporated into this Indenture.

**FINANCING AGREEMENT**

by and among

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

as Issuer,

**[TRUSTEE],**

as Trustee,

and

**EASTERN PARK APARTMENTS, L.P.,**

as Borrower

relating to

\$60,006,000

City and County of San Francisco, California  
Multifamily Tax-Exempt Mortgage-Backed Bonds  
(M.TEBS) (Eastern Park Apartments)  
2019 SERIES J

\$24,834,000

City and County of San Francisco, California  
Multifamily Housing Revenue Bonds  
(Eastern Park Apartments)  
2019 SERIES K

Dated as of December 1, 2019

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**EXHIBIT A FORM OF REQUISITION**

**EXHIBIT B-1 FORM OF SERIES J BOND LOAN NOTE**

**EXHIBIT B-2 FORM OF SERIES K BOND LOAN NOTE**

**EXHIBIT C [FORM OF LEASE AGREEMENT]**

**EXHIBIT D CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS**

## FINANCING AGREEMENT

THIS FINANCING AGREEMENT (this “**Financing Agreement**”), is dated as of December 1, 2019, and entered into by and among the **CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA** (the “**Issuer**”), [TRUSTEE], as trustee under the Indenture referred to below (together with its successors and assigns, the “**Trustee**”), and **EASTERN PARK APARTMENTS, L.P.** (together with its successors and assigns, the “**Borrower**”).

### RECITALS:

WHEREAS, pursuant to Section 9.107 of the Charter of the Issuer, and Article 1 of Chapter 43 of the San Francisco Administrative Code and, to the extent applicable, Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (collectively, the “**Act**”), the Issuer is authorized to issue one or more series of its revenue bonds and to lend the proceeds thereof to finance the acquisition, construction, rehabilitation and equipping of residential rental housing facilities to provide housing for persons of low and very low income; and

WHEREAS, by proceedings adopted pursuant to and in accordance with the provisions of the Act, the Issuer has authorized the issuance of its Multifamily Tax-Exempt Mortgage-Backed Bonds (M.TEBS) (Eastern Park Apartments) 2019 Series J, in the aggregate principal amount of \$60,006,000 (the “**Series J Bonds**”) and its Multifamily Housing Revenue Bonds (Eastern Park Apartments), 2019 Series K, in the aggregate principal amount of \$24,834,000 (the “**Series K Bonds**,” and together with the Series J Bonds, individually or collectively as context may dictate, the “**Bonds**”) as more fully set forth in the Indenture of Trust, of even date herewith, between the Issuer and the Trustee (the “**Indenture**”)

WHEREAS, pursuant to this Financing Agreement, the Issuer will use the proceeds of the Bonds to make one or more loans to the Borrower to finance the acquisition, rehabilitation and equipping of the Project.

WHEREAS, to secure the payment of all of the principal of and premium, if any, and interest on the Bonds, the Issuer has assigned (with certain exceptions described herein) its rights, title and interests in, and delegated its duties under, this Financing Agreement, without recourse, to the Trustee.

WHEREAS, the obligation of the Borrower to pay all amounts necessary to pay principal of, premium, if any, and interest on the Bonds will be evidenced by this Financing Agreement and two promissory notes, substantially in the forms attached hereto as Exhibit B-1 and B-2, as applicable, dated the date of delivery of the Bonds, as amended and restated from time to time, including, without limitation, by the Mortgage Note (the “**Bond Loan Notes**”) from the Borrower to the Issuer.

WHEREAS, the parties hereto acknowledge the matters set forth in the Recitals to the Indenture.

**NOW, THEREFORE**, the parties hereto, in consideration of the premises and the mutual covenants and commitments of the parties set forth herein, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, hereby agree as follows:

### ARTICLE I

#### DEFINITIONS AND INTERPRETATION

**Section 1.01. Definitions.** Capitalized terms used herein without definition shall have the respective meanings set forth in the Indenture. In addition to the terms elsewhere defined in this Financing Agreement, the following terms used in this Financing Agreement (including the Recitals) shall have the following meanings unless the context indicates another or different meaning or intent, and

such definitions shall be equally applicable to both the singular and plural forms of any of the terms herein defined:

**“Affiliate”** of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control” when used with respect to any specified Person means the power to direct the policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract, or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

**“Certificate of Occupancy”** means the certificate of occupancy issued by City and County of San Francisco for the multifamily units in the Project, or if certificates of occupancy are not required or provided for multifamily units, then evidence of all final inspection approvals needed to occupy the multifamily units.]

**“Completion Certificate”** means a certificate submitted by the Borrower Representative to the Issuer and the Trustee as provided in Section 5.38 of the Financing Agreement.

**“Completion Date”** means the date upon which the Completion Certificate and the Certificate of Occupancy are delivered by the Borrower to the Issuer and the Trustee.

**“Determination of Taxability”** means the receipt by the Trustee of (1) a copy of written notice from the Commissioner or any Director of the Internal Revenue Service or a determination by any court of competent jurisdiction, or (2) an opinion of Bond Counsel, in either case to the effect that interest on the Bonds is not excludable for regular federal income tax purposes under Section 103(a) of the Code from gross income of any Bondholder (other than a Bondholder who is a substantial user of the Project or a related person as defined in the Code).

**“Event of Default”** means any event of default specified and defined in Section 8.01 of this Financing Agreement.

**“General Partner”** means Sequoia Living EPA LLC, a California limited liability company.

**“Governmental Authority”** means any federal, state or local governmental or quasi-governmental entity, including, without limitation, any agency, department, commission, board, bureau, administration, service, or other instrumentality of any governmental entity.

**“Governmental Requirements”** means all laws, ordinances, orders, rules or regulations of any Governmental Authority applicable to the Project, the Issuer, the Borrower or any of the Borrower’s assets or other properties, including without limitation, laws, ordinances, orders, rules and regulations relating to securities or other public disclosures, zoning, licenses, permits, subdivision, building, safety, health, and fire protection and all environmental laws.

**“Hazardous Materials”** means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls (“PCBS”) and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which at the Project is prohibited by any federal, state or local authority; any substance that requires special handling under any Hazardous Materials Law; and any other material or substance now or in the future defined as a “hazardous substance,” “hazardous material,” “hazardous waste,” “toxic substance,” “toxic

pollutant,” “contaminant,” or “pollutant” within the meaning of any Hazardous Materials Law, but does not include any such substance that is a customary and ordinary household, cleaning, office, swimming pool or landscape maintenance product used on the Project by the Borrower or any tenant or agent of the Borrower, or customary construction materials used during the course of rehabilitation of the Project by the Borrower or the Contractor, provided such use is in accordance with applicable hazardous material laws.

“**Hazardous Materials Law**” means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other governmental requirements, administrative rulings and court judgments and decrees in effect now or in the future and including all amendments, that relate to Hazardous Materials and apply to the Borrower or to the Project. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., the Toxic Substance Control Act, 15 U.S.C. Section 2601, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101, and their state analogs, including laws of the State of California.

“**Indemnified Parties**” shall have the meanings ascribed thereto in Section 5.35 hereof.

“**Indemnitors**” shall have the meanings ascribed thereto in Section 5.35 hereof.

“**Mortgage Note Rate**” means a per annum rate of interest calculated in accordance with the Mortgage Note.

“**Permitted Liens**” shall mean any easements and restrictions listed in a schedule of exceptions to coverage in the title insurance policy delivered with respect to the Project as required by the Permanent Loan Documents, and prior to the delivery of the Permanent Loan Documents, Permitted Liens shall include the Construction Loan Documents.

“**Person**” means any natural person, firm, partnership, association, limited liability company, corporation or public body.

“**Placed in Service Date**” means the date the Project is placed in service for purposes of Section 42 of the Code.

“**Single Purpose Entity**” means an entity that (i) is formed solely for the purpose of owning and operating a single asset; (ii) does not engage in any business unrelated to such asset, (iii) keeps its own books and records and its own accounts separate and apart from the books, records and accounts of any other Person, and (iv) holds itself out as being a legal entity, separate and apart from any other Person.

#### **Section 1.02. Rules of Construction.**

(a) The singular form of any word used herein, including the terms defined in Section 1.01, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders.

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

(c) The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not limit or otherwise affect the meaning, construction or effect of this Financing Agreement or describe the scope or intent of any provisions hereof.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with applicable generally accepted accounting principles as in effect from time to time.

(e) Every "request," "order," "demand," "application," "appointment," "notice," "statement," "certificate," "consent," or similar action hereunder by any party shall, unless the form thereof is specifically provided, be in writing signed by a duly authorized representative of such party with a duly authorized signature.

(f) The parties hereto acknowledge that each such party and their respective counsel have participated in the drafting and revision of this Financing Agreement and the Indenture. Accordingly, the parties agree that any rule of construction which disfavors the drafting party shall not apply in the interpretation of this Financing Agreement or the Indenture or any amendment or supplement or exhibit hereto or thereto.

**Section 1.03. Effective Date.** The provisions of this Financing Agreement shall be effective on and as of the Closing Date, immediately upon the effectiveness of the Indenture.

## ARTICLE II

### REPRESENTATIONS, WARRANTIES AND COVENANTS

**Section 2.01. Representations and Warranties by the Borrower.** The Borrower represents and warrants as follows:

(a) The Borrower is (i) a limited partnership, duly organized and existing in good standing under the laws of the State of California, (ii) has the power to own its property and to carry on its business as now being conducted and as contemplated by this Agreement and the Tax Certificate, and (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned by it therein or in which the transaction of its business makes such qualification necessary, including, but not limited to, the State of California. The General Partner is a California limited liability company and is qualified to do business in the State of California and in every other state in which the nature of its business requires such qualification. Each of the Borrower and the General Partner has full power and authority to own its properties and to carry on its business as now being conducted and as contemplated to be conducted with respect to the Project, and to enter into, and to perform and carry out the transactions provided for in this Financing Agreement, all other Financing Documents contemplated hereby to be executed by the Borrower and/or the General Partner and the Permanent Loan Documents. This Financing Agreement, the other Financing Documents to which the Borrower or the General Partner is a party, the Permanent Loan Documents and all other documents to which the Borrower or the General Partner is a party and contemplated hereby or thereby have been duly authorized, executed and delivered by the Borrower or the General Partner and constitute the legal, valid and binding obligations of the Borrower or the General Partner, respectively, enforceable against the Borrower or the General Partner, each in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and

other similar laws affecting the rights of creditors generally and general equitable principles. The officers of the Borrower and/or the General Partner executing this Financing Agreement, all other Financing Documents contemplated hereby to be executed by the Borrower or the General Partner and the Permanent Loan Documents are duly and properly in office and fully authorized to execute the same.

(b) Neither the execution and delivery of this Financing Agreement, all other Financing Documents to be executed by the Borrower, the Permanent Loan Documents or any other documents contemplated hereby or thereby, the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the terms and conditions of this Financing Agreement, all other Financing Documents to be executed by the Borrower, the Permanent Loan Documents or any other documents contemplated hereby or thereby, will violate or contravene any provision of law, any order of any court or other agency of government, or any of the organizational or other governing documents of the Borrower, or any indenture, agreement or other instrument to which the Borrower is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument or any license, judgment, decree, law, statute, order, rule or regulation of any governmental agency or body having jurisdiction over the Borrower or any of its activities or properties, or, except as provided hereunder, result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, except for Permitted Liens.

(c) The Borrower has and will have fee simple title to the Project, subject to the Permitted Liens. The Borrower is the sole borrower under the Bond Loan Notes and the Permanent Loan. The Borrower enjoys the peaceful and undisturbed possession of all of the premises upon which it is operating its facilities. The Borrower possesses, and will at all times possess, all franchises, patents, copyrights, trademarks, trade names, licenses and permits, and rights in respect of the foregoing, adequate for the conduct of its business substantially as now conducted or as it is intended to be conducted with respect to the Project, without known conflict with any rights of others.

(d) As of the Closing Date, no litigation or proceeding is pending or, to the knowledge of the Borrower or the General Partner, threatened against or affecting the Borrower or the General Partner or any of the Borrower's properties (including, without limitation, the Project) which has a reasonable probability of having a material adverse effect on its financial condition or business, or the transactions contemplated by this Financing Agreement, the Indenture, the other Financing Documents or the Permanent Loan Documents, or which in any way would adversely affect the validity or enforceability of the Bonds, the Indenture, this Financing Agreement, the other Financing Documents or the Permanent Loan Documents, or the exclusion from gross income for federal income tax purposes of interest on the Bonds, or the ability of the Borrower to perform its obligations under this Financing Agreement, the other Financing Documents or the Permanent Loan Documents executed by the Borrower.

(e) The Project and the operation of the Project (in the manner contemplated by the Financing Documents) conform in all material respects with all applicable zoning (or a legal non-conforming use), planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project, all necessary utilities are available to the Project, and the Borrower will obtain all requisite zoning, planning, building and environmental and other permits which may become necessary with respect to the Project. The Borrower has obtained all licenses, permits and approvals necessary for the ownership, operation

and management of the Project, including all approvals essential to the transactions contemplated by this Financing Agreement, the Indenture, the other Financing Documents, the Permanent Loan Documents and any other documents contemplated hereby or thereby.

(f) The financial statements which have been furnished by or on behalf of the Borrower to the Issuer, are complete and accurate in all material respects and present fairly the financial condition of the Borrower as of their respective dates in accordance with generally accepted accounting methods applied by the Borrower on a consistent basis, and since the date of the most recent of such financial statements there has not been any material adverse change, financial or otherwise, in the condition of the Borrower, and there have not been any material transactions entered into by the Borrower other than transactions in the ordinary course of business, and the Borrower does not have any material contingent obligations which are not otherwise disclosed in its financial statements. Any audited financial statements and related report of the independent public accountant of the Borrower delivered pursuant to this Agreement shall be accompanied by a written statement of the independent public accountant that in making the examination necessary for certification of such financial statements, nothing has come to their attention that would lead them to believe that the Borrower has violated any of the terms, covenants or provisions of this Agreement insofar as any such violation may relate to accounting matters. There (i) is no completed, pending or threatened bankruptcy, reorganization, receivership, insolvency or like proceeding, whether voluntary or involuntary, affecting the Project, the Borrower, or any general partner of the Borrower; and (ii) has been no assertion or exercise of jurisdiction over the Project, the Borrower or any general partner of the Borrower by any court empowered to exercise bankruptcy powers.

(g) No event has occurred and no condition exists with respect to the Borrower or the Project that would constitute an Event of Default or which, with the lapse of time, if not cured, or with the giving of notice, or both, would become an Event of Default. The Borrower is not in default under the Regulatory Agreement.

(h) The Borrower has complied with all the terms and conditions of the Tax Certificate, including the terms and conditions of the exhibits thereto, and the representations and warranties set forth in the Tax Certificate and the Regulatory Agreement pertaining to the Borrower and the Project are true and accurate. The Borrower has furnished to the Issuer in the Tax Certificate all information necessary for the Issuer to file an IRS Form 8038 with respect to the Bonds, and all of such information is and will be on the date of filing, true, complete and correct.

(i) The Project is, as of the Closing Date, in compliance with all requirements of the Regulatory Agreement, including all applicable requirements of the Act and the Code. The Borrower intends to cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement, including all applicable requirements of the Act and the Code. All leases will comply with all applicable laws and the Regulatory Agreement. The Project meets the requirements of this Financing Agreement, the Regulatory Agreement, the Act and the Code with respect to multifamily rental housing.

(j) No information, statement or report furnished in writing to the Issuer, Fannie Mae, the Lender or the Trustee by the Borrower in connection with this Financing Agreement, the other Financing Documents or the Permanent Loan Documents or the consummation of the transactions contemplated hereby and thereby (including, without limitation, any information furnished by the Borrower in connection with the preparation of any materials related to the



issuance, delivery or offering of the Bonds on the Closing Date) contains any material misstatement of fact or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading; and the representations and warranties of the Borrower and the statements, information and descriptions contained in the Borrower's closing certificates, as of the Closing Date, are true, correct and complete, do not and will not contain any untrue statement or misleading statement of a material fact, and do not and will not omit to state a material fact required to be stated therein or necessary to make the certifications, representations, warranties, statements, information and descriptions contained therein, in the light of the circumstances under which they were made, not misleading; and the estimates and the assumptions contained herein and in any certificate of the Borrower delivered as of the Closing Date are reasonable and based on the best information available to the Borrower. Each of the certifications, representations, warranties, statements, information and descriptions contained in the Tax Certificate is hereby incorporated into this Financing Agreement by reference, as if fully set forth herein.

(k) To the best knowledge of the Borrower, no member, officer, agent or employee of the Issuer has been or is in any manner interested, directly or indirectly, in that person's own name or in the name of any other person, in the Bonds, the Financing Documents, the Permanent Loan Documents, the Borrower or the Project, in any contract for property or materials to be furnished or used in connection with the Project, or in any aspect of the transactions contemplated by the Financing Documents or the Permanent Loan Documents.

(l) No authorization, consent, approval, order, registration declaration or withholding of objection on the part of or filing of or with any governmental authority not already obtained or made (or to the extent not yet obtained or made the Borrower has no reason to believe that such authorizations, consents, approvals, orders, registrations or declarations will not be obtained or made in a timely fashion) is required for the execution and delivery or approval, as the case may be, of this Financing Agreement, the other Financing Documents, the Permanent Loan Documents or any other documents contemplated by this Financing Agreement, the other Financing Documents or the Permanent Loan Documents, or for the performance of the terms and provisions hereof or thereof by the Borrower.

(m) The Borrower is not presently under any cease or desist order or other orders of a similar nature, temporary or permanent, of any federal or state authority which would have the effect of preventing or hindering performance of its duties hereunder, nor are there any proceedings presently in progress or to its knowledge contemplated which would, if successful, lead to the issuance of any such order.

(n) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or the Issuer is a party or of which it is a beneficiary including, without limitation, the Indenture; that it approves the initial appointment of the Trustee under the Indenture; that it understands the risks inherent in such transactions, including, without limitation, the risk of loss of the Project; and that it has not relied on the Issuer, the Lender or Fannie Mae for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Financing Agreement and the Indenture or otherwise relied on the Issuer, the Lender or Fannie Mae in any manner.

(o) The Borrower has not received any notice that it is not in compliance with all provisions of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (“**CERCLA**”); the Resource Conservation and Recovery Act; the Superfund Amendments and Reauthorization Act of 1986; the Toxic Substances Control Act and all environmental laws of the State of California (the “**Environmental Laws**”), or with any rules, regulations and administrative orders of any governmental agency, or with any judgments, decrees or orders of any court of competent jurisdiction with respect thereto; and the Borrower has not received any assessment, notice (primary or secondary) of liability or financial responsibility, and no notice of any action, claim or proceeding to determine such liability or responsibility, or the amount thereof, or to impose civil penalties with respect to a site listed on any federal or state listing of sites containing or believed to contain “hazardous materials” (as defined in the Environmental Laws), nor has the Borrower received notification that any hazardous substances (as defined under CERCLA) that it has disposed of have been found in any site at which any governmental agency is conducting an investigation or other proceeding under any Environmental Law.

(p) The Borrower has not received any notice that it is not in full compliance with the Employment Retirement Income Security Act of 1974 (“**ERISA**”), as amended, and the Department of Labor regulations thereunder, with the Code and Regulations thereunder and with terms of such plan or plans with respect to each pension or welfare benefit plan to which the Borrower is a party or makes any employer contributions with respect to its employees, for the current or prior plan years of such plans.

(q) The average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the facilities of the Project financed with the original net proceeds.

(r) The Bonds are not and shall not be “federally guaranteed” as defined in Section 149(b) of the Code.

(s) The Borrower intends to hold the Project for its own account and has no current plans to sell and has not entered into any agreement to sell all or any portion of the Project.

(t) All tax returns (federal, state and local) required to be filed by or on behalf of the Borrower have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Borrower in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein.

(u) The Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Act or impair the exclusion from gross income for federal income tax purposes of the interest on the Bonds. The Borrower shall operate the Project as required by the Regulatory Agreement.

(v) All of the partnership interests in the Borrower are validly issued and are fully registered, if required, with the applicable governmental authorities and/or agencies, and there are no outstanding options or rights to purchase or acquire those interests.

(w) The Borrower is, and will at all times be, a Single Purpose Entity.

(x) The Project is located wholly within the City and County of San Francisco.

(y) None of the Issuer, the Trustee or any director, member, officer or employee of the Issuer or the Trustee has any interest, financial, employment or other, in the Borrower, the Project or the transactions contemplated hereby.

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

(aa) No part of the proceeds of the Bond Loans to the Borrower evidenced by this Financing Agreement will be used for the purpose of acquiring any “margin stock” within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose that would be inconsistent with such Regulation U or any other Regulation of such Board of Governors, or for any purpose prohibited by any Permanent Loan Document.

(bb) The Borrower is not (i) an “investment company” or a company “controlled” by an “investment company,” within the meaning of the Investment Company Act of 1940, as amended; (ii) a “holding company” or a “subsidiary company” of a “holding company” or an “affiliate” of either a “holding company” or a “subsidiary company” within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (iii) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

(cc) Each requisition submitted by the Borrower shall contain an affirmation that the foregoing representations and warranties remain true and correct as of the date thereof.

[(dd) Neither the Borrower nor a “related person” as defined in Section 144(a)(3) of the Code shall purchase any portion of the Bonds.]

(ee) The Borrower shall cause the Borrower Equity Deposit to be deposited with the Trustee for deposit by the Trustee into the Borrower Equity Fund.

(ff) The related persons are not (and to Borrower’s knowledge after diligent inquiry), no other Person holding any legal or beneficial interest whatsoever in the related persons, directly or indirectly, is included in, owned by, Controlled by, acting for or on behalf of, providing assistance, support, sponsorship, or services of any kind to, or otherwise associated with any of the Persons referred to or described in any list of persons, entities, and governments issued by the Office of Foreign Assets Control of the United States Department of the Treasury (“OFAC”) pursuant to Executive Order 13224— Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, as amended (“Executive Order 13224”), or any similar list issued by OFAC or any other department or agency of the United States of America (collectively, the “OFAC Lists”).

**Section 2.02. Representations, Warranties and Covenants of the Issuer.** The Issuer represents, covenants and warrants that:

(a) The Issuer is a municipal corporation and chartered city and county duly organized and validly existing under its Charter and the Constitution and the laws of the State of California.

(b) The Issuer has power and lawful authority to adopt the Resolution, to execute and deliver the Issuer Documents; to issue the Bonds and receive the proceeds of the Bonds; to apply or cause to be applied the proceeds of the Bonds to make the Bond Loans; to assign the revenues derived and to be derived by the Issuer from the Bond Loans to the Trustee; and to perform and observe the provisions of the Issuer Documents and the Bonds on its part to be performed and observed.

(c) The Issuer has duly authorized the execution and delivery of the Issuer Documents and the issuance, execution, sale and delivery of the Bonds, and the performance of the obligations of the Issuer thereunder.

(d) To the best knowledge of the Issuer, there is no litigation pending with respect to which the Issuer has been served with process or, to the knowledge of the Issuer, threatened, in any court, either state or federal, calling into question (i) the creation, organization or existence of the Issuer, (ii) the validity of the Issuer Documents or the Bonds, (iii) the authority of the Issuer to adopt, make or perform, as the case may be, the Issuer Documents or to issue, execute and deliver the Bonds or (iv) the exclusion from gross income of interest on the Bonds for purposes of federal income taxation.

(e) All actions on the part of the Issuer necessary for the execution and delivery of the Issuer Documents, the issuance, execution, sale and delivery of the Bonds and the performance by the Issuer of its obligations thereunder have been duly and effectively taken. To the best knowledge of the Issuer, no consent, authorization or approval of, or filing or registration with, any governmental or regulatory body is required on the part of the Issuer for the execution and delivery of the Issuer Documents, the issuance, execution, sale and delivery of the Bonds, or the performance by the Issuer of its obligations under the Issuer Documents or the Bonds, except the aforesaid action on the part of the Issuer which has been duly and effectively taken.

(f) The Issuer makes no representation or warranty, express or implied, that the proceeds of the Bonds will be sufficient to finance the acquisition, construction and equipping of the Project or that the Project will be adequate or sufficient for the Borrower's intended purposes.

(g) The Issuer has used no broker in connection with the execution hereof and the transactions contemplated hereby.

**Section 2.03. Covenants of the Borrower.** The Borrower hereby covenants and agrees that, on and after the Closing Date, it will:

(a) Give written notice promptly, and in any event at least thirty (30) days prior to the closing thereof, of any intended refinancing of the Project to the Issuer, the Trustee and the Servicer;

(b) Comply with all Legal Requirements and promptly furnish the Issuer, the Trustee and the Servicer with reports of any official searches made by any Governmental Authority and any claims of violations thereof;

(c) Upon reasonable notice and at reasonable times, permit the Issuer and the Trustee (or their representatives) to enter upon the Land and inspect the Project;

(d) [Deliver to the Issuer copies of all leases (other than leases to residential tenants in the ordinary course of business in the form set forth in Exhibit C hereto) with respect to the Project or any portion thereof, whether executed before or after the date of this Financing Agreement;]\

(e) Not enter into, cancel or amend any agreement for the furnishing of management or similar services to the Project, without the prior written consent of the Issuer, such consent not to be unreasonably withheld or delayed;

(f) [Comply with all restrictions, covenants and easements affecting the Project;]

(g) The Borrower covenants to pay all third-party fees of the financing, including but not limited to the following:

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

(ii) All reasonable fees, charges and expenses of the Trustee for services rendered under the Indenture and/or the Financing Agreement, including, but not limited to, the Trustee Expenses, as and when the same become due and payable; and

(iii) The Issuer Fee and the Issuer Annual Fee, payable to the Issuer as set forth in Section 17 of the Regulatory Agreement, and the fees and expenses of the Issuer or any agents, attorneys, accountants, consultants selected by the Issuer to act on its behalf in connection with this Financing Agreement, the Regulatory Agreement, the Bonds or the Indenture, including, without limitation, any and all expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds or in connection with any litigation which may at any time be instituted involving this Financing Agreement, the Regulatory Agreement, other Issuer Documents, the Bonds or the Indenture or any of the other documents contemplated thereby, or in connection with the supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the foregoing.

The obligations of the Borrower in the foregoing Section 2.3(g) and in Section \_\_\_\_ shall remain valid and in effect notwithstanding repayment of the loan hereunder or termination of this Financing Agreement.

The Borrower acknowledges that, to the extent that regulations of the Comptroller of the Currency or any other applicable regulatory agency require granting the Borrower the right to receive

brokerage confirmations of securities transactions as they occur, the Borrower specifically waives the right to receive such confirmations.

### ARTICLE III

#### THE BONDS AND THE PROCEEDS THEREOF

**Section 3.01. Issuance of Bonds.** The Issuer has authorized the issuance of the Series J Bonds in the aggregate principal amount of \$60,006,000 and the Series K Bonds in the aggregate principal amount of \$24,834,000, and the Bonds in such amount shall be issued and Outstanding as of the Closing Date. The obligations of the Issuer, the Trustee and the Borrower under this Financing Agreement are expressly conditioned upon (i) the sale, issuance and delivery of the Bonds, (ii) receipt by the Trustee of the amounts set forth in Section 5.04 of the Indenture, and (iii) the making of the Construction Loan by the Construction Lender. Neither the Issuer, the Lender, the Trustee nor Fannie Mae shall have any liability for any fees, costs or expenses, including, without limitation, issuance costs relating to the Bonds; all of such fees, costs and expenses shall be paid by the Borrower.

The Bonds will be issued pursuant to the Indenture in the aggregate principal amount, will bear interest, will mature and will be subject to redemption, mandatory tender and remarketing as set forth therein. The Borrower hereby approves the terms and conditions of the Indenture and the Bonds, and the terms and conditions under which the Bonds will be issued, sold and delivered and will comply with those provisions of the Indenture that contemplate action by the Borrower, all as if the Borrower were a party to the Indenture.

**Section 3.02. Remarketing of Series K Bonds.** The Authorized Borrower Representative, with the written consent of the Remarketing Agent is hereby granted the right to (a) request a remarketing of the Series K Bonds in the manner and to the extent set forth in Section 3.07 of the Indenture and (ii) designate the length of the Remarketing Period and the related Mandatory Tender Date in the manner and to the extent set forth in Sections 3.05 and 3.07 of the Indenture.

### ARTICLE IV

#### THE BONDS, THE LOANS AND FEES

**Section 4.01. Sources, Deposits and Uses.** The Trustee shall apply the amounts deposited into the Series J Bond Proceeds Fund Account and the Series J Collateral Fund Account as provided in Sections 5.08 and 5.09 of the Indenture to secure the Series J Bonds until the MBS Delivery Date and then to purchase the MBS. The Trustee shall apply the amounts deposited into the Series K Bond Proceeds Fund Account and the Series K Collateral Fund Account as provided in Sections 5.08 and 5.09 of the Indenture to secure the Series K Bonds until the Initial Mandatory Tender Date and then to redeem the Series K Bonds unless the conditions to remarketing set forth in Section 3.07 of the Indenture are satisfied. The Borrower accepts the Construction Loan from the Construction Lender, upon the terms and conditions set forth in the Construction Loan Documents. The Borrower accepts the Permanent Loan from the Permanent Lender, upon the terms and conditions set forth herein, in the Permanent Loan Documents and in the Indenture, and subject to the terms and conditions of the Regulatory Agreement. The Issuer has caused the proceeds of the Bonds to be provided to the Trustee for deposit to the Bond Proceeds Fund. The Borrower acknowledges its obligation to pay all amounts necessary to pay principal of, premium, if any, and interest on the Bonds as provided in the Indenture. The Borrower has made arrangements for the delivery to the Trustee of the MBS and of certain other Eligible Funds as contemplated herein and in the Indenture. Payments on the MBS received by the Trustee shall be credited

to amounts due from the Borrower for payment of principal of, premium, if any, and interest on the Series J Bonds.

**Section 4.02. Loan of Proceeds.** The Issuer agrees, upon the terms and conditions contained in this Agreement and the Indenture, to lend to the Borrower the proceeds received by the Issuer from the sale of the Bonds pursuant to the Bond Loans. Such proceeds shall be disbursed to or on behalf of the Borrower as provided in Section 4.08 hereof.

**Section 4.03. Amounts Payable.**

(a) The Borrower hereby covenants and agrees to repay the Series J Bond Loan Note and Series K Bond Loan Note on or before any date that any payment of interest or principal is required to be made in respect of the Bonds pursuant to the Indenture, until the principal of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, in immediately available funds, a sum which, together with any other moneys available for such payment in any account of the Revenue Fund, will enable the Trustee to pay the amount payable on such date as principal of (whether at maturity or acceleration or otherwise) and interest on the Bonds as provided in the Indenture. Payments by the Trustee of principal and interest on the Bonds from amounts in the Revenue Fund shall be credited against the Borrower's obligation to pay principal and interest on the Series J Bond Loan Note and Series K Bond Loan Note, as applicable. The Borrower also covenants and agrees to pay any additional interest, taxes or penalties that may be due as a result of a Determination of Taxability.

It is understood and agreed that all payments of principal and interest payable by the Borrower under subsection (a) of this Section 4.03 are assigned by the Issuer to the Trustee for the benefit of the Holders of the Bonds (excluding amounts on deposit in the Rebate Fund). The Borrower consents to such assignment.

(b) In the event the Borrower should fail to make any of the payments required in this Section 4.03, the item or installment so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and the Borrower agrees to pay the same with interest thereon, to the extent permitted by law, from the date when such payment was due, at the rate of interest borne by the Bonds.

(c) Notwithstanding anything herein to the contrary, so long as Borrower shall have made all payments then required on the Bond Loan Notes and the Mortgage Note or otherwise required pursuant to the Construction Loan Documents and the Permanent Loan Documents, Borrower shall have no obligation to pay any amounts with respect to the Bonds or the MBS.

**Section 4.04. Obligations of the Borrower Unconditional.** The obligations of the Borrower to make the payments required under this Agreement, and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any right of notice, setoff, recoupment or counterclaim it might otherwise have against the Issuer, the Trustee or any other Person. Subject to termination as provided herein, the Borrower (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for under this Agreement, (ii) will perform and observe all of its other agreements contained in this Agreement and (iii) will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, or change in the tax or other laws or

administrative rulings of or administrative actions by the United States of America or the State of California or any political subdivision of either, any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Agreement, whether express or implied, or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture, whether express or implied.

**Section 4.05. Payment of Fees and Expenses.** In addition to all fees, costs, expenses and other amounts required to be paid by the Borrower under the Financing Documents, the Construction Loan Documents and the Permanent Loan Documents, the Borrower shall pay, without duplication, the following fees and expenses:

(a) the Costs of Issuance Deposit to be made to the Costs of Issuance Fund on the Closing Date pursuant to Section 5.04 of the Indenture;

(b) the Series J Negative Arbitrage Deposit to be made to the Series J Negative Arbitrage Account and the Series K Negative Arbitrage Deposit to be made to the Series K Negative Arbitrage Account on the Closing Date pursuant to Section 5.04 of the Indenture, and as required pursuant to Sections 3.04 and 5.05(b) of the Indenture.

(c) to the Trustee for deposit into the Administrative Fund, the Ongoing Issuer Fee and the Trustee Fee;

(d) to the Trustee for deposit into the Administration Fund not later than ten (10) days after receipt of invoices or other statements rendered to the Borrower by the Trustee, the Issuer or the Rebate Analyst:

(i) All amounts required to (i) pay the fees of the Trustee for its duties and services as Trustee in connection with the Bonds (as such duties and services are set out in the Indenture) and (ii) reimburse the Trustee for all out of-pocket expenses, fees, costs and other charges, including reasonable counsel fees and taxes (excluding income, value added and single business taxes), reasonably and necessarily incurred by the Trustee in performing its duties as Trustee under the Indenture, (iii) pay the fees of the Dissemination Agent for its duties and services as Dissemination Agent in connection with the Bonds (as such duties and services are set out in the Indenture) and (iv) in connection with a remarketing of the Series K Bonds, to pay the Remarketing Expenses.

(ii) The reasonable fees and expenses of the Issuer or any agents, attorneys, accountants, consultants selected by the Issuer to act on its behalf in connection with the Financing Documents, the Permanent Loan Documents or the Bonds, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds or in connection with any litigation which may at any time be instituted involving the Financing Documents, the Permanent Loan Documents or the Bonds or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the foregoing.

(iii) All taxes and assessments of any type or character charged to the Issuer or to the Trustee affecting the amount available to the Issuer or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby or thereby (including taxes and assessments assessed or levied by



any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; *provided, however*, that the Borrower shall have the right to protest any such taxes or assessments and to require the Issuer or the Trustee, at the Borrower's expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Issuer or the Trustee.

(iv) The fees of the Rebate Analyst as required by the Indenture and all out-of-pocket expenses of the Rebate Analyst.

(e) All Costs of Issuance of the Bonds, including, but not limited to, Rating Agency fees, printing expenses, attorneys' fees and the Underwriter's fees, and all expenses of originating the Construction Loan by the Construction Lender and Permanent Loan by the Permanent Lender, the Borrower acknowledging that all such fees, costs and expenses must be paid by the Borrower separate and apart from payments due under the Permanent Loan and will not be included in the Mortgage Note Rate.

(f) The obligations in this Section 4.05 and those in Section 5.09 hereof shall remain valid and in effect notwithstanding repayment of the Permanent Loan hereunder or termination of this Financing Agreement or the Indenture.

(g) Any fees the Issuer may charge in connection with any post-closing matters, including, but not limited to, modifications, consents and reviews.

All fees and expenses not included in the Mortgage Note Rate shall not be secured by the Mortgage, except as provided for therein, and shall be subordinate to the Borrower's obligations under the Permanent Loan in all respects. No such fees or expenses payable to the Issuer or the Trustee shall be paid from the proceeds of the MBS.

**Section 4.06. Notification of Prepayment of Bond Loan Notes and Mortgage Note.** The Borrower shall notify the Trustee promptly of any prepayment of the Bond Loan Note and the Mortgage Note, whether upon acceleration, by reason of application of insurance or condemnation proceeds, optional prepayment or otherwise. If such prepayment of the Series J Bond Loan Note or the Mortgage Note results in revisions to the Permanent Loan Amortization Schedule, the Lender shall provide the revised Permanent Loan Amortization Schedule to the Trustee.

**Section 4.07. Collateral Payments.** In consideration of and as a condition to the disbursement of Bond proceeds in the Bond Proceeds Fund to pay Project Costs, and to secure the Borrower's obligation to make payments on the Bond Loan Notes, the Borrower shall cause the delivery of Eligible Funds equal to the amount of the proposed disbursement to the Trustee on or before each such disbursement. All such Eligible Funds shall be paid to the Trustee for the account of the Issuer and shall be held in the Collateral Fund and disbursed in accordance with the provisions of the Indenture.

**Section 4.08. Disbursements from the Bond Proceeds Fund and the Borrower Equity Fund.** Subject to the provisions below and so long as no Event of Default hereunder has occurred and is continuing for which the principal amount of the Bonds has been declared to be immediately due and payable pursuant to Section 8.02 hereof and Section 8.02 of the Indenture, and no Determination of

Taxability has occurred, disbursements from the Bond Proceeds Fund and the Borrower Equity Fund shall be made only to pay any of the Project Costs.

Any disbursements from the Bond Proceeds Fund for the payment of Project Costs shall be made by the Trustee only upon the receipt by the Trustee of: (a) a signed Requisition in the form attached hereto as Exhibit A, on which the Trustee may conclusively rely; and (b) Eligible Funds in an amount equal to the amount of any such disbursement request for deposit into the Collateral Fund as provided in Section 4.07 hereof. Any disbursements from the Borrower Equity Fund for the payment of Project Costs shall be made by the Trustee only upon the receipt by the Trustee of a signed Requisition in the form attached hereto as Exhibit A, on which the Trustee may conclusively rely. The Borrower hereby acknowledges and agrees that it shall submit disbursement requests to the Trustee no more frequently than once each calendar month. Each such disbursement request shall be consecutively numbered and accompanied by a copy of the approval of the Lender and the Issuer Servicer of the payments or reimbursements requested. Proceeds of the Bonds and the Borrower Equity Deposit disbursed pursuant to the provisions of this Financing Agreement may only be used to pay the Project Costs.

Any disbursement for any item not described in, or the cost for which item is other than as described in, the information statement filed by the Issuer in connection with the issuance of the Bonds as required by Section 149(e) of the Code, and in the notice of public hearing pertaining to the Bonds shall be accompanied by an opinion of Bond Counsel to the effect that such disbursement will not adversely affect the status of the interest on the Bonds as excludible from gross income for federal income tax purposes of the Bondholders (except on Bonds while held by a substantial user or related person, each as defined in the Code). The Trustee shall have no obligation to determine if the requirements of this paragraph by the Borrower has been complied with.

Any money in the Bond Proceeds Fund remaining after the MBS Delivery Date shall be applied as provided in Section 5.08 of the Indenture.

Notwithstanding any provision of this Financing Agreement or any provision of the Indenture to the contrary, the Trustee shall not disburse funds from the Bond Proceeds Fund unless and until the Trustee confirms that Eligible Funds in the applicable Account of the Collateral Fund plus Eligible Funds in the applicable Account of the Bond Proceeds Fund, less the amount of the requested disbursement from the applicable Account of the Bond Proceeds Fund, is at least equal to the then-Outstanding principal amount of the Series J Bonds or Series K Bonds, as applicable.

**Section 4.09. Borrower's Obligations Upon Tender of Series K Bonds.** If the Series K Bonds are not remarketed on any Mandatory Tender Date and a sufficient amount is not available in the Series K Collateral Fund Account, the Series K Negative Arbitrage Account of the Revenue Fund and the Series K Subaccount of the Bond Proceeds Fund as provided in Section 3.01(f) of the Indenture for the purpose of paying the redemption price of such Bond, the Borrower will cause to be paid to the Trustee by the Mandatory Tender Date, Eligible Funds in an amount equal to the amount by which the redemption price of the Bonds exceeds the amount otherwise available pursuant to the Indenture.

## ARTICLE V

### COVENANTS, UNDERTAKINGS AND OBLIGATIONS OF THE BORROWER

**Section 5.01. Taxes, Other Governmental Charges and Utility Charges.** The Borrower shall pay, or cause to be paid, promptly as the same become due and payable, every lawful cost, expense and obligation of every kind and nature, foreseen or unforeseen, for the payment of which the Issuer, the

Trustee, the Lender or Fannie Mae is or shall become liable by reason of its or their estate or interest in the Project or any portion thereof, by reason of any right or interest of the Issuer, the Trustee, the Lender or Fannie Mae in or under this Financing Agreement, or by reason of or in any manner connected with or arising out of the possession, operation, maintenance, alteration, repair, rebuilding, use or occupancy of the Project or any portion thereof, including, without limitation, all taxes (except income and similar taxes of such entities), assessments, whether general or special, all costs of maintenance and repair, insurance premiums (including public liability insurance and insurance against damage to or destruction of the Project) concerning or in any way related to the Project, or any part thereof, and any expenses or renewals thereof, all utility and other charges and assessments concerning or in any way related to the Project, and governmental charges and impositions of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project or any machinery, equipment or other property installed or brought by the Borrower therein or thereon; *provided* that any amounts payable hereunder that are also required to be paid by the terms of the Mortgage shall be paid without duplication on the terms provided in the Mortgage.

Upon request, the Borrower shall furnish to the Issuer, the Trustee, Fannie Mae and the Lender proof of the payment of any such tax, assessment or other governmental or similar charge, or any other charge which is payable by the Borrower as set forth above.

**Section 5.02. Compliance With Laws.** The Borrower shall, throughout the term of this Financing Agreement and at no expense to the Issuer, the Trustee, the Lender or Fannie Mae promptly comply or cause compliance with all laws, ordinances, rules, regulations and requirements of duly constituted public authorities which may be applicable to the Project or to the repair and alteration thereof, or to the use or manner of use of the Project, including, but not limited to, the applicable provisions of the Americans With Disabilities Act and all applicable federal, State and local environmental, labor, health and safety laws, rules and regulations.

**Section 5.03. Maintenance of Legal Existence.** During the term of this Financing Agreement, the Borrower shall maintain its existence as set forth in Section 2.01(a) and shall not terminate, dissolve or dispose of all or substantially all of its assets; *provided, however*, that the Borrower may, with the written permission of the Issuer, consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it, or transfer all or substantially all of its assets to another entity, but only on the condition that the assignee entity or the entity resulting from or surviving such merger or consolidation (if other than the Borrower), or the entity to which such transfer shall be made, shall be duly organized and existing, in good standing and qualified to do business under the laws of the State, shall remain so continuously during the term hereof, and shall expressly assume in writing and agree to perform all of the Borrower's obligations hereunder and under all other documents executed by the Borrower in connection with the issuance of the Bonds; provided, further, that (i) the Borrower delivers an opinion of Bond Counsel to the effect that such consolidation or merger shall not cause interest on the Bonds to be included in gross income for federal income tax purposes, and (ii) any transfer of the Project shall be effected in accordance with the Mortgage. Nothing in this Section 5.03 shall be deemed to relieve the Borrower of its obligations to comply with the provisions of the Permanent Loan Documents.

**Section 5.04. Operation of Project.** The Borrower will not sell, transfer or otherwise dispose of the Project except as provided in the Regulatory Agreement, the Permanent Loan Documents and Section 5.03 of this Financing Agreement.

**Section 5.05. Tax Covenants.** The Borrower hereby covenants and agrees as follows:

(a) It shall (a) take or cause to be taken all actions necessary or appropriate in order to ensure fully and timely compliance with Section 9.12 of the Indenture, and (b) if required to do so under Section 9.12 of the Indenture, select at the Borrower's expense, a Rebate Analyst reasonably acceptable to the Issuer for the purpose of making any and all calculations required under Section 9.12 of the Indenture. Such calculations, if required, shall be made in the manner and at such times as specified in Section 9.12 of the Indenture. The Borrower shall cause the Rebate Analyst to provide such calculations to the Trustee and the Issuer at such times and with such directions as are necessary to comply fully with the arbitrage and rebate requirements set forth in the Indenture and to comply fully with Section 148 of the Code, including the timely payment of any arbitrage rebate owed.

(b) It will at all times comply with the terms of the Tax Certificate and the Regulatory Agreement.

(c) It will not take, or permit to be taken on its behalf, any action which would cause the interest payable on the Bonds to be included in gross income of the holders thereof for federal income tax purposes, and will take such action as may be necessary in the opinion of Bond Counsel to continue such exclusion from gross income, including, without limitation, the preparation and filing of all statements required to be filed by it in order to maintain the exclusion (including, but not limited to, the filing of all reports and certifications required by the Regulatory Agreement).

(d) No changes will be made to the Project, no actions will be taken by the Borrower and the Borrower will not omit to take any actions, which will in any way adversely affect the tax-exempt status of the Bonds.

(e) It will comply with the requirements of Section 148 of the Code and the Regulations issued thereunder so long as any Bonds remain Outstanding and will not make any use of the proceeds of the Bonds, or of any other funds which may be deemed to be proceeds of the Bonds under the Code and the related regulations of the United States Treasury, which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(f) If the Borrower becomes aware of any situation, event or condition which would, to the best of its knowledge, result in the interest on the Bonds becoming includable in gross income of the holders thereof for federal income tax purposes, it will promptly give written notice of such circumstance, event or condition to the Issuer, the Trustee, the Lender and Fannie Mae.

(g) The full amount of each disbursement of proceeds of the Bonds will be applied to pay or to reimburse the Borrower for the payment of Project Costs and, after taking into account any proposed disbursement, (i) at least 95% of the net proceeds of the Bonds (as defined in Section 150 of the Code) will be used to provide a qualified residential rental project (as defined in Section 142(d) of the Code) and (ii) less than 25% of the net proceeds of the Bonds will have been disbursed to pay or to reimburse the Borrower for the cost of acquiring land; none of the proceeds of the Bonds (as defined for purposes of Section 147(g) of the Code) will be disbursed to provide working capital.

(h) The Borrower will cause all of the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Act, the Code and the Regulatory Agreement.

(i) All leases will comply with all applicable laws and the Regulatory Agreement.

(j) In connection with any lease or grant by the Borrower of the use of the Project, the Borrower will require that the lessee or user of any portion of the Project not use that portion of the Project in any manner which would violate the covenants set forth in this Financing Agreement or the Regulatory Agreement.

(k) No proceeds of the Bond Loans shall be used for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property is pursuant to such acquisition; *provided, however*, that this limitation shall not apply with respect to any building (and the equipment therefor) if rehabilitation expenditures (as defined in Section 147(d) of the Code) with respect to such building equal or exceed 15% of the portion of the cost of acquiring such building (and equipment) financed with the proceeds; and *provided, further*, that this limitation shall not apply with respect to any structure other than a building if rehabilitation expenditures with respect to such structure equal or exceed 100% of the portion of the cost of acquiring such structure financed with the proceeds.

(l) From the proceeds of the Bonds and investment earnings thereon, an amount not in excess of 2% of the proceeds of the Bonds will be used for Costs of Issuance of the Bonds, all within the meaning of Section 147(g)(1) of the Code.

(m) No proceeds of the Bonds shall be used directly or indirectly to provide any airplane, skybox or other private luxury box, health club facility, facility used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

In the event of a conflict between the terms and requirements of this Section 5.05 and the Tax Certificate, the terms and requirements of the Tax Certificate shall control.

**Section 5.06. Further Assurances and Corrective Instruments.** The parties hereto agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and to the other documents contemplated hereby as may reasonably be required to carry out the intention of or to facilitate the performance of this Financing Agreement, the Permanent Loan Documents or the other Financing Documents or to perfect or give further assurances of any of the rights granted or provided for herein, the Permanent Loan Documents or the other Financing Documents.

The Borrower agrees that it will have the books and records of the Borrower audited annually by an independent certified public accountant as soon as practicable after the close of each fiscal year of the Borrower, and will furnish within 120 days after the end of each fiscal year to the Issuer and the Trustee commencing in the fiscal year in which the rehabilitation of the Project is complete (as evidenced by a Completion Certificate) a copy of the audit report certified by such Accountant and prepared in accordance with generally accepted accounting principles, which report shall include calculations of the availability of funds for distributions and disclose the amount of General Partner and other partner distributions for the preceding year. The Borrower and the Issuer acknowledge that the Trustee shall have no obligations under this Section 5.06 other than to receive such statements and, if requested, to furnish such statements to Bondholders.

The Borrower shall execute and file, or shall cause to be executed and filed any and all financing statements, or any amendments thereof or continuation statements thereto, to perfect the security interests granted in the Indenture, in the manner prescribed in the Indenture. The Borrower shall pay all costs of

filing such instruments and any fees and expenses (including reasonable attorney's fees) associated therewith.

**Section 5.07. Compliance With Other Documents.** The Borrower shall make all payments and shall observe and perform all covenants, conditions and agreements required to be paid, observed or performed by the Borrower under the Financing Documents, the Mortgage Note, the Mortgage, the other Permanent Loan Documents, the Regulatory Agreement and all other documents, instruments or agreements which may at any time, or from time to time, be entered into by the Borrower with respect to the Project or the operation, occupancy or use thereof. The Indenture has been submitted to the Borrower for examination, and the Borrower, by execution of this Financing Agreement, acknowledges and agrees that it has participated in the negotiation of the Indenture that it has approved and agreed to each of the provisions of the Indenture and that it is bound by, shall adhere to the provisions of, and shall have the rights set forth by the terms and conditions of, the Indenture and covenants and agrees to perform all obligations required of the Borrower pursuant to the terms of the Indenture.

The Borrower hereby grants to the Trustee for the benefit of the Lender, Fannie Mae and the Bondholders a security interest in all of its rights in and to all funds created or established by the Trustee under the Indenture in the manner and subject to the terms and conditions of the Indenture.

**Section 5.08. Notice of Certain Events** The Borrower hereby covenants to advise the Lender, the Issuer and the Trustee promptly in writing of the occurrence of any default by the Borrower in the performance or observance of any covenant, agreement, representation, warranty or obligation of the Borrower set forth in this Financing Agreement, in any of the other Financing Documents or any other documents contemplated hereby or thereby, or of any Event of Default hereunder known to it or of which it has received notice, or any event which, with the passage of time or service of notice, or both, would constitute an Event of Default hereunder, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto. Such notice shall be given promptly, and in no event less than ten (10) Business Days after the Borrower receives notice or has knowledge of the occurrence of any such event. The Borrower further agrees that it will give prompt written notice to the Trustee and the Lender if insurance proceeds or condemnation awards are received with respect to the Project and are not used to repair or replace the Project, which notice shall state the amount of such proceeds or award.

The Borrower further covenants to provide such parties notice of the Placed in Service Date promptly upon its occurrence.

**Section 5.09. Indemnification.** The Borrower covenants and agrees to indemnify, hold harmless and defend the Issuer, the Trustee, the Lender, Fannie Mae, the Underwriter and their respective officers, members, directors, officials, agents and employees and each of them (each an "**indemnified party**") from and against, (a) any and all claims, joint or several, by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated hereby or otherwise in connection with the Project, the Bonds or the execution or amendment of any document relating thereto, including, but not limited to, the Financing Documents; (b) any and all claims, joint or several, arising from any cause whatsoever in connection with the approval of financing for the Project or the making of the Permanent Loan, its assignment to the Permanent Lender or the execution or amendment of any document related thereto, including, but not limited to, the Permanent Loan Documents; (c) any and all claims, joint or several, arising from any act or omission of the Borrower or any of its agents, servants, employees or licensees, in connection with the Project, the Financing Agreement or the Permanent Loan, including but not limited to, the Permanent Loan Documents; (d) all reasonable costs, counsel fees, expenses or liabilities incurred in connection with any such claim, or proceeding brought thereon; (e) any and all claims arising in connection with the issuance and sale, resale or remarketing of any Bonds or any

certifications or representations made by any Person other than the party seeking indemnification in connection therewith and the carrying out by the Borrower of any of the transactions contemplated by the Bonds, the Financing Documents, and the Permanent Loan Documents; (f) any and all claims arising in connection with the operation of the Project, or the conditions thereof, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, rehabilitation, equipping, installation or construction of, the Project or any part thereof; and (g) any and all losses, claims, damages, liabilities or expenses, joint or several, arising out of or connected with the Trustee's acceptance or administration of the trusts created by the Indenture and the exercise of its powers or duties thereunder or under this Financing Agreement, the Regulatory Agreement or any other agreements in connection therewith to which it is a party; except (i) in the case of the foregoing indemnification of the Trustee or the Lender or any of their respective officers, members, directors, officials and employees, to the extent such damages are caused by the negligence or willful misconduct of such Person; or (ii) in the case of the foregoing indemnification of the Issuer or any of its officers, members, directors, officials and employees, to the extent such damages are caused by the willful misconduct of such Person. In the event that any action or proceeding is brought against any indemnified party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Borrower, subject to the approval of the indemnified party in such party's sole but reasonable discretion, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; *provided* that the Trustee and the Lender shall have the right to review and approve or disapprove any such compromise or settlement. Each indemnified party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel; *provided, however*, that unless such separate counsel is employed with the approval of the Borrower, which approval shall not be unreasonably withheld, the Borrower shall not be required to pay the fees and expenses of such separate counsel.

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

During any period that the Lender or Fannie Mae owns the Project and that this Section 5.09 is applicable to the Lender and Fannie Mae, the obligations of the Lender or Fannie Mae, as applicable, under this Section 5.09 shall be limited to acts and omissions of the Lender or Fannie Mae occurring during the period of the Lender's or Fannie Mae's ownership of the Project.

Nothing contained in this Section 5.09 shall in any way be construed to limit the indemnification rights of the Issuer contained in the Regulatory Agreement. With respect to the Issuer, the Regulatory Agreement shall control in any conflicts between this Section 5.09 and the Regulatory Agreement.

**Section 5.10. Right to Perform Borrower's Obligations.** In the event the Borrower fails to perform any of its obligations under this Financing Agreement, the Issuer, the Lender, Fannie Mae and/or the Trustee, after giving the requisite notice, if any, may, but shall be under no obligation to, perform such obligation and pay all costs related thereto, and all such costs so advanced by the Issuer, the Lender, Fannie Mae or the Trustee shall become an additional obligation of the Borrower hereunder, payable on demand with interest thereon at the default rate of interest payable under the Permanent Loan Documents.

**Section 5.11. Nonrecourse Provisions.** Notwithstanding anything to the contrary, the obligations of the Borrower pursuant to this Financing Agreement shall not be secured by or create a lien

or charge on in any manner the property of the Borrower or its partners, including the Project or the rents, issues and profits thereof, and except with respect to Sections 4.05 and 5.09 hereof shall be non-recourse to the Borrower and its partners; however, Sections 4.05 and 5.09 shall be recourse to the Borrower but non-recourse to the partners of the Borrower.

The limit on the Borrower's liability set forth in this Section shall not, however, be construed, and is not intended to in any way, constitute a release, in whole or in part, of the indebtedness evidenced by this Agreement or a release; in whole or in part, or an impairment of the security interest, or in case of any default or enforcing any other right of the Issuer under this Agreement or to alter, limit or affect the liability of any person or party who may now or hereafter or prior hereto guarantee, or pledge, grant or assign its assets or collateral as security for, the obligations of the Borrower under this Agreement.

**Section 5.12. Indenture of Trust.** The provisions of the Indenture concerning the Bonds and other matters therein are an integral part of the terms and conditions of the Permanent Loan, and this Financing Agreement shall constitute conclusive evidence of approval of the Indenture by the Borrower to the extent it relates to the Borrower. Additionally, the Borrower agrees that, whenever the Indenture by its terms imposes a duty or obligation upon the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Indenture, and the Borrower agrees to carry out and perform all of its obligations under the Indenture as fully as if the Borrower were a party to the Indenture.

**Section 5.13. Issuer and Borrower Representatives.** Whenever under the provisions of this Agreement the approval of the Issuer or the Borrower is required or the Issuer or the Borrower is required to take some action at the request of the other, such approval or such request shall be given in writing both for the Issuer by an authorized representative of the Issuer and for the Borrower by an Authorized Borrower Representative. The Trustee shall be authorized to act on any such approval or request pursuant to the Indenture.

**Section 5.14. Conflicts; Defaults.** There is (i) no provision of the Borrower's or General Partner's organizational documents or resolutions of the Borrower and no provision of any existing mortgage, indenture, contract or agreement binding on the Borrower or the General Partner or affecting any of the Borrower's property and (ii) to the Borrower's or General Partner's knowledge, no provision of law or order of court binding upon the Borrower or General Partner or affecting any of the Borrower's property, in either case which would conflict with or in any way prevent the execution, delivery, or performance of the terms of the Financing Documents, or which would be in default or violated as a result of such execution, delivery or performance. The Borrower is not in material default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any material agreement or instrument to which it is a party.

**Section 5.15. Compliance with Laws.** The Borrower will use due diligence to cause the Project to be operated in accordance with the Act and all other applicable laws, rulings, regulations and ordinances of any Governmental Authority, and the departments, agencies and political subdivisions thereof. The Borrower has obtained or will cause to be timely obtained all requisite approvals of any Governmental Authorities, and of other federal and local governmental bodies required for the operation of the Project.

**Section 5.16. Governmental Requirements.** To the Borrower's knowledge, no violation of any Governmental Requirement exists with respect to the Project, the Borrower, or any other asset of the Borrower, the Project conforms in all material respects with all applicable zoning, planning, building and environmental laws, ordinances and regulations of Governmental Authorities having jurisdiction over the



Project, all necessary utilities are available to the Project, and the Borrower has obtained or will obtain all requisite zoning approvals necessary with respect to the Project.

**Section 5.17. Condemnation.** No condemnation, eminent domain or similar proceeding is pending, or to the knowledge of the Borrower, threatened, with respect to the Project or any portion thereof.

**Section 5.18. Financing Statements.** The Borrower shall file, or shall cause to be filed, and shall deliver copies to the Trustee of any and all financing statements, or any amendments thereof or continuation statements thereto, to perfect the security interests granted in the Indenture, in the manner prescribed in the Indenture. The Borrower shall pay all costs of filing such instruments and any fees and expenses (including reasonable attorney's fees) associated therewith.

**Section 5.19. Agreement to Construct the Project.** The Borrower agrees to make all contracts and do all things necessary for the rehabilitation of the Project. The Borrower further agrees that it will construct the Project with all reasonable dispatch and use its best efforts to cause the rehabilitation of the Project to be completed by the Completion Date, or as soon thereafter as may be practicable, delays caused by force majeure as described in Section 9.10 of the Indenture only excepted; but if for any reason such rehabilitation is not completed by said Completion Date there shall be no resulting liability on the part of the Borrower or the Issuer and no diminution in or postponement of the payments required in Section 4.02 hereof to be paid by the Borrower.

**Section 5.20. Access to the Project.** The Borrower agrees that the Issuer, the Trustee and their duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right to inspect the Project and the rehabilitation thereof at all reasonable times. The Borrower acknowledges that the Issuer shall monitor the rehabilitation of the Project. The Issuer, the Trustee and their duly authorized agents shall also be permitted, at all reasonable times, to examine the books, accounts, contracts, documents, and other papers of the Borrower with respect to the Project which shall all be maintained by the Borrower in reasonable condition and for audit.

**Section 5.21. Insurance.** The Borrower shall obtain and keep in force such insurance coverage as may be required by the Construction Loan Documents and the Permanent Loan Documents. All insurance policies and renewals thereof relating to the Project shall designate the Issuer and the Trustee as additional insureds for liability insurance. The Issuer shall be furnished with full copies of all policies within fifteen (15) calendar days of Borrower's receipt and shall have the right to receive duplicate copies of policies and renewals, and the Borrower shall promptly furnish the Issuer and the Lender with copies of all renewal notices and all receipts for paid premiums within fifteen (15) calendar days of receipt thereof. The Borrower shall notify the Issuer at least thirty (30) days in advance of an endorsement or of any change in the terms of coverage adverse to the Issuer. In the event of loss, the Borrower shall give prompt notice to the insurance carrier and the Issuer.

With respect to any casualty insurance, it shall (i) be in an amount equal to the greater of the actual cash value of the replacement cost of the insurable, then existing improvements and equipment in the Project and (ii) be provided by an insurance company with a claims paying ability rating of not less than "A" by the Rating Agency.

**Section 5.22. Covenant with Bondholders.** The Issuer and the Borrower agree that this Agreement is executed and delivered in part to induce the purchase by others of the Bonds and, accordingly, all covenants and agreements of the Issuer and the Borrower contained in this Agreement are hereby declared to be for the benefit of the Trustee and the Holders of the Bonds from time to time.

Notwithstanding the foregoing, the Bondholder's rights to enforce this provision of this Agreement are governed by the terms of the Indenture.

**Section 5.23. Covenant to Provide Ongoing Disclosure.** The Borrower shall enter into a written undertaking for the benefit of the Holders to provide for the continuing disclosure of information about the Bonds, the Borrower and other matters as may be required to cause compliance with the Rule 15c2 12 of the Securities and Exchange Commission (the "Rule"). Failure of the Borrower to comply with the Rule shall not be a default under the Indenture, this Financing Agreement or any of the other Bond Documents; provided, however, the Borrower acknowledges that the Issuer, the Trustee or any Bondholder shall be entitled to bring an action for specific performance to cause the Borrower to comply with the covenant set forth in this section.

**Section 5.24. Compliance with City Contracting Requirements.** The Borrower covenants and agrees to comply with the provisions set forth in Exhibit D to This Financing Agreement.

**Section 5.25. Tax Credit Requirement.** Notwithstanding anything to the contrary set forth in the Documents, including, without limitation, IRS Form 8038 completed at the time of issuance of the Bonds, all of the Bond proceeds shall, for federal income tax purposes, be (1) allocated on a pro rata basis to each building in the Development, and (2) used exclusively to pay costs of acquisition, rehabilitation and equipping of the Development which are includable in the aggregate basis of any building and the land on which the building is located ("Eligible Costs") in a manner such that each building satisfies the requirement of Section 42(h)(4)(B) of the Code. Accordingly, no Bond proceeds will be used to pay any of the Costs of Issuance for the Bonds or to fund any reserve account other than the Project Fund or an account to be used to pay Eligible Costs. The Issuer and the Borrower each acknowledge that the Borrower intends to cause the Development to satisfy the requirements necessary for low income housing tax credit ("Tax Credit") pursuant to Section 42 of the Code. In the event that any of the restrictions described in this Agreement conflict with any Tax Credit requirements imposed by Section 42 of the Code or any Tax Credit requirements imposed by the Issuer and the Borrower each agree that the more restrictive requirements shall control. The provisions of this Section 5.25 are for the benefit of the Borrower and neither the Trustee nor the Issuer shall have any obligation to enforce this Section 5.25 nor shall they incur any liability to any Person, including without limitation, the Borrower, the General Partner and any other affiliate of the Borrower or the Holders of the Bonds for any failure to meet the requirements of this Section 5.25; and provided further, failure to comply with this Section 5.15 shall not constitute a default or Event of Default under this Agreement.

**Section 5.26. Brokers and Financial Advisors.** The Borrower hereby represents that it has dealt with no financial advisors, brokers, underwriters, placement agents, agents or finders in connection with the Bond Loans, other than those disclosed to the Issuer and the Lender and whose fees shall be paid by the Borrower pursuant to a separate agreement. The Borrower and the Lender shall indemnify and hold the other harmless from and against any and all claims, liabilities, costs and expenses of any kind in a way relating to or arising from a claim by any person that such person acted on behalf of the indemnifying party in connection with the transactions contemplated herein. The provisions of this Section 5.26 shall survive the expiration and termination of this Agreement and the repayment of the Borrower's Obligations.

**Section 5.27. Issuer, Trustee and Lender Not in Control; No Partnership.** None of the covenants or other provisions contain in this Financing Agreement shall, or shall be deemed to, give the Issuer, the Trustee or the Lender the right or power to exercise control over the affairs or management of the Borrower, the power of the Issuer, the Trustee and the Lender being limited to the rights to exercise the remedies referred to in the Documents. The relationship between the Borrower and the Issuer, the

Trustee, the Lender and the Bondholders is, and at all times shall remain, solely that of debtor and creditor. No covenant or provision of the Documents is intended, nor shall be deemed or construed, to create a partnership, joint venture, agency or common interest in profits or income between the Borrower and the Issuer, the Trustee, the Lender or any Bondholder or to create an equity interest in the Development in the Issuer, the Trustee, the Lender or any Bondholder. Neither the Issuer, the Trustee, the Lender nor any Bondholder undertakes or assumes any responsibility or duty to the Borrower or to any other person with respect to the Development, except as expressly provided in the Documents; and notwithstanding any other provision of the Documents: (1) the Issuer, the Trustee and the Bondholders are not, and shall not be construed as, a partner, joint venture, alter ego, manager, controlling person or other business associate or participant of any kind of the Borrower or its stockholders, members or partners and the Issuer, the Trustee and the Bondholders do not intend to ever assume such status; (2) the Issuer, the Trustee and the Bondholders shall in no event be liable for any of the Borrower's Obligations, expenses or losses incurred or sustained by the Borrower; and (3) the Issuer, the Trustee and the Bondholders shall not be deemed responsible for or a participant in any acts, omissions or decision to the Borrower or its stockholders, members or partners. The Issuer, the Trustee the Bondholders and the Borrower disclaim any intention to create a partnership, joint venture, agency or common interest in profits or income between the Issuer, the Trustee, the Bondholders and the Borrower or to create an equity an equity interest in the Development of the Issuer, the Trustee or the Bondholders, or any sharing of liabilities, losses, costs or expenses.

**Section 5.28. Agreement to Pay Attorneys' Fees and Expenses.** In the event the Borrower should default under any of the provisions of this Agreement or under the Series J Bond Loan Note or Series K Bond Loan Note and the Issuer and/or the Trustee should employ attorneys or incur other expenses for the collection of payments required hereunder or under the Series J Bond Loan Note or Series K Bond Loan Note, or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained herein or in the Bond Loan Notes, the Borrower agrees that it will on demand therefor pay to the Issuer and the Trustee, as the case may be, the fees and expenses of such attorneys and such other expenses so incurred by the Issuer and/or the Trustee. This Section 5.28 will continue in full force and effect notwithstanding the full payment of the obligations under the Agreement or the termination of this Agreement for any reason.

**Section 5.29. Right to Cure.** Notwithstanding anything herein to the contrary, if the Borrower shall, for whatever reason, at any time fail to pay any amount or perform any act which it is obligated to pay or perform and, as a result a default or event of default occurs or may occur, the Investor Limited Partner shall have the right to perform such act or pay such amount on behalf of the Borrower and thereby cure or prevent such default or event of default, provided such default or event of default is cured within any applicable cure period or grace period provided herein to the Borrower.

**Section 5.30. Representation and Warranty Regarding Hazardous Materials.** Before signing this Agreement, the Borrower engaged qualified professionals to research and inquire into the previous uses and owners of the Project and prepare the reports and studies, each of which (collectively, the "Hazardous Materials Reports") has been delivered to the Investor Limited Partner and the Issuer. Based solely on that due diligence, the Borrower represents and warrants that, except as the Borrower has disclosed to Investor Limited Partner and the Issuer in writing and in the Hazardous Materials Reports prior to the execution of this Agreement, to the best of Borrower's knowledge, (i) no Hazardous Materials have been disposed of, or released to or from, or otherwise now exists in, on, under or around the Project at a level of concentration that results in the Hazardous Materials being subject to regulation, control, removal or restriction by any governmental agency under any law, regulation or ordinance, and (ii) no aboveground or underground storage tanks are now or have ever been located on or under the Project. Notwithstanding anything to the contrary, disclosure to the Issuer of any Hazardous Materials located at

the Project prior to the Closing Date shall in no way release the Borrower from its indemnification obligations provided in this Agreement.

**Section 5.31. Compliance Regarding Hazardous Substances.** Borrower has complied, will comply, and will use commercially reasonable efforts to cause all tenants and any other Persons who may come upon the Project to comply, with all federal, state and local laws, regulations and ordinances governing or applicable to Hazardous Materials, including those requiring disclosures to prospective and actual buyers or tenants of all or any portion of the Project. The Borrower will not install or allow to be installed any aboveground or additional underground storage tanks on the Project. The Borrower must comply with the recommendations of any qualified environmental engineer or other expert engaged by the Borrower, with the reasonable approval of the Issuer; provided, however, in the event of default of this Section 5.31, Issuer may engage the services of a qualified environmental engineer of its choice.

**Section 5.32. Notices Regarding Hazardous Materials.** The Borrower must promptly notify the Issuer in writing (i) if it has actual knowledge that (a) there may be any Hazardous Materials in or around any part of the Project, any improvements constructed on the Project, or the soil, groundwater or soil vapor on or under the Project at a level of concentration that results in the Hazardous Materials being subject to regulation, control, removal or restriction by any governmental agency under any law, regulation or ordinance, or (b) that the Borrower or the Project may be subject to any threatened or pending investigation by any governmental agency under any law, regulation or ordinance pertaining to any Hazardous Materials, and (ii) of any claim made or threatened by any Person, other than a governmental agency, against the Borrower arising out of or resulting from any Hazardous Substance being present or released in, on or around any part of the Project, any improvements constructed on the Project or the soil, groundwater or soil vapor on or under the Project (any of the matters described in clauses (i) and (ii) above that are in, on, or under the Project are a "Hazardous Materials Claim").

**Section 5.33. Remedial Work.** The Borrower must promptly undertake any and all remedial work ("Remedial Work") in response to Hazardous Materials Claims to the extent required by governmental agency or agencies involved, or to comply with the recommendations set forth in any written environmental assessment report prepared by a third-party engineer retained by the Limited Partner or the Issuer or in any Hazardous Materials Report, if such standard requires a higher degree of remediation, and in all events to minimize any impairment to Trustee's security under the Financing Documents. All Remedial Work must be conducted (i) in a diligent and timely fashion by licensed contractors acting under the supervision of a consulting environmental engineer; (ii) pursuant to a detailed written plan for the Remedial Work approved by all public or private agencies or Persons with a legal or contractual right to such approval; (iii) with insurance coverage pertaining to liabilities arising out of the Remedial Work as is then customarily maintained with respect to such activities; and (iv) only following receipt of any required permits, licenses or approvals. The selection of the Remedial Work contractors and consulting environmental engineer, the contracts entered into with such parties, any disclosures to or agreements with any public or private agencies or parties relating to Remedial Work and the written plan for the Remedial Work (and any changes thereto) is subject to the prior written approval of the Issuer, which approval may not be unreasonably withheld or delayed.

**Section 5.34. Indemnity Regarding Hazardous Substances.** The Borrower, the General Partner and the Key Principals (the "Indemnitors") each jointly and severally indemnifies, defends and holds each Indemnified Party harmless from and against any and all costs directly or indirectly arising out of or resulting from any Hazardous Materials being present or released in, on or around any part of the Project, or in the soil, groundwater or soil vapor on or under the Project (collectively, "Indemnified Costs"), arising out of or as a result of events prior to the later of the full and final payment of the Bonds or the date of a transfer by the Borrower of all of its interests in the Project, as applicable, including:

(a) any claim for such Indemnified Costs asserted against any Indemnified Party by any federal, state or local governmental agency, including the United States Environmental Protection Agency and all of the environmental regulatory authorities of the State of California, and including any claim that any Indemnified Party is liable for any such Indemnified Costs as an “owner” or “operator” of the Project under any law relating to Hazardous Materials; and

(b) any claim for such Indemnified Costs asserted against any Indemnified Party by any Person other than a governmental agency, including (i) any Person who may purchase or lease all or any portion of the Project from Borrower, from any Indemnified Party or from any other purchaser or lessee, (ii) any Person who may at any time have any interest in all or any portion of the Project, (iii) any Person who may at any time be responsible for any clean-up costs or other Indemnified Party relating to the Project, and (iv) any Person claiming to have been injured in any way as a result of exposure to any Hazardous Materials; and

(c) any Indemnified Costs incurred by any Indemnified Party in the exercise by the Indemnified Party of its rights and remedies under Financing Agreement; and

(d) any Indemnified Costs incurred by any Indemnified Party as a result of currently existing conditions in, on or around the Project, whether known or unknown by the Indemnitors or the Indemnified Party at the time this Agreement is executed, or attributable to the acts or omissions of the Indemnitors, any of the Borrower’s tenants, or any other Person in, on or around the Project with the consent or under the direction of the Indemnitors; and

(e) any Indemnified Costs incurred by any Indemnified Party as a result of the deposit, storage, disposal, burial, dumping, injecting, spilling, leaking, or other placement or release in, on or from the Project of Hazardous Materials or the violation or alleged violation of any Hazardous Materials Law or official interpretation thereof in connection with the Project or the land on which it is located.

The obligations of the Indemnitors under this Section are joint and several, and are in addition to and shall not be limited by the provisions of Section 5.11 hereof and shall survive the termination of this Agreement.

Upon demand by any Issuer Indemnified Party, the Indemnitors must defend any investigation, action or proceeding involving any Indemnified Costs that is brought or commenced against the Issuer Indemnified Party, whether alone or together with Borrower or any other person, all at the Borrower’s own cost and by counsel approved by the Indemnified Party. In the alternative, any Indemnified Party may elect to conduct its own defense at the Borrower’s expense.

#### **Section 5.35. Indemnification by Borrower, General Partner and Key Principals.**

(a) The Indemnitors hereby agree to indemnify and save harmless the Issuer and the Trustee from and against all liabilities, obligations, suits, actions, claims, judgments, demands, damages, penalties, fines, assessments, losses, expenses, fees (including all fees of attorneys, auditors, and consultants), taxes (including rebate to the United States) but exclusive of income taxes on fees earned by the Trustee, contributions, and costs of every kind and nature (including litigation and court costs, amounts paid in settlement by or with the approval of the Borrower and amounts paid to discharge judgments) (collectively, “Claims”) incurred by, asserted or imposed against an Indemnified Party (hereinafter defined), the Indemnitors or any other person directly or

indirectly resulting from or arising out of or relating to (but excluding such Claims arising from the willful misconduct of the Issuer or the negligence or willful misconduct of the Trustee):

- (i) the issuance, offering, sale, delivery or remarketing of the Bonds;
- (ii) the design, construction, installation, rehabilitation, operation, use, occupancy, maintenance, repair, management or ownership of the Project;
- (iii) the enforcement of (a) the provisions of this Agreement, the other Financing Documents and any other document executed by the Borrower in connection with issuance of the Bonds and the making of the Bond Loans and (b) the obligations of the Borrower imposed hereby or thereby;
- (iv) any untruthful, misleading or inaccurate information supplied by the Borrower relating to the Project, the Borrower, the Project manager or to the terms of financing relating to the Project, including, but not limited to, any breach of any representation or warranty of the Borrower set forth in the Financing Documents or any certificate delivered pursuant thereto, and any representation, or warranty of the Borrower, or any information provided by the Borrower that contains or contained any untrue or misleading statement of fact or omits or omitted to state any material fact necessary to make the statements made therein not misleading in light of the circumstances under which they were made;
- (v) any breach or alleged breach (except in the case of a breach alleged by the Issuer or the Trustee and such alleged breach is not found by a court of competent jurisdiction) by the Borrower of the covenants contained herein;
- (vi) any injury to or death of any Person or damage to property in or upon the Project or growing out of or connected with the repair, management, ownership, operation, use, non-use, maintenance, construction, design, installation, rehabilitation, condition or occupancy of the Project or any part thereof, including any and all acts or operations relating to any construction, rehabilitation, operation, use, non-use, design, management, ownership, condition, occupancy, maintenance, installation or repair performed by the Borrower in connection with the Project;
- (vii) violation or breach of any agreement, covenant, representation, warranty or condition of this Agreement (except in the case of a breach alleged by the Issuer or the Trustee and such alleged breach is not found by a court of competent jurisdiction) or the [Series J Bond Loan Note] or Series K Bond Loan Note, except by the Issuer or the Trustee;
- (viii) any Determination of Taxability with respect to the Bonds, including, but not limited to, the fees and expenses of the Issuer or the Trustee and their counsel with respect to such Determination of Taxability in responding to any inquiry or audit by the Internal Revenue Service;
- (ix) the deposit, storage, disposal, burial, dumping, injecting, spilling, leaking, or other placement or release in, on or from the Project of Hazardous Materials or the violation or alleged violation of any Hazardous Materials Law or official interpretation thereof in connection with the Project or the land on which it is located;

(x) all expenses reasonably incurred in the investigation of, preparation for or defense of any litigation, proceeding or investigation of any nature whatsoever related to the Project or the Bonds, commenced or threatened against the Project or an Indemnified Party;

(xi) any action, suit, claim, demand or proceeding contesting or affecting title to the Project;

(xii) any suit, action, administrative proceeding, enforcement action, or governmental or private action of any kind whatsoever commenced against the Project or an Indemnified Party that might adversely affect the validity or enforceability of the Bonds, the Financing Documents, or the performance by the Borrower or by any Indemnified Party of their respective obligations under the Financing Documents, the Indenture or any other document executed in connection therewith by the Borrower or any Indemnified Party; and

(xiii) information provided by the Borrower or required and failed to be furnished by the Borrower relating to the Borrower or the Project, including, without limitation, information provided by the Borrower for inclusion in the preliminary or final Official Statement or any other offering document used in connection with the sale of the Bonds, any information furnished, or required and failed to be furnished, by the Borrower in accordance with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (if applicable), any information furnished by the Borrower for, and included in, or used as a basis for preparation of, any certifications, information statements or reports furnished by the Issuer, any other information or certification obtained from the Borrower to assure the exclusion of the interest on the Bonds from gross income of the Holders thereof for federal income tax purposes, and the transactions contemplated by the Indenture, the Bonds, and the Financing Documents and the carrying out by the Borrower of any of the transactions contemplated by the Bonds, the Indenture and the Financing Documents.

All references to the Issuer and the Trustee in this section shall be deemed to include all their respective past, present, and future officers, directors, members, employees, commissioners, and agents and their permitted successors and assigns (also referred to herein as "Indemnified Parties").

The Indemnitors shall indemnify and save each Indemnified Party harmless from any such Claims (but excluding such Claims arising from the willful misconduct of the Issuer or the negligence or willful misconduct of the Trustee) and upon notice from such Indemnified Party, the Indemnitors shall defend them or either of them in any such action or proceeding as provided below.

Any Indemnified Party, after receipt of notice of the existence of a Claim in respect of which indemnity hereunder may be sought or of the commencement of any action against an Indemnified Party in respect of which indemnity hereunder may be sought, shall notify the Indemnitors in writing of the existence of such Claim or commencement of such action. The Indemnitors shall undertake promptly to defend, at their sole cost and expense, any and all Claims against an Indemnified Party in connection with any of the matters indemnified against in this Section. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought under this Agreement, the Indemnitors, upon receipt by either of written notice from the Indemnified Party, shall assume the investigation and defense of the Claims, including the employment of counsel selected by the Indemnitors, subject to the

approval of the Indemnified Party in such party's sole discretion. The Indemnitors shall pay all expenses related to the action or proceeding, with full power to litigate, compromise or settle the same, provided that the Issuer and the Trustee, as appropriate, shall have the right to review and approve or disapprove any such compromise or settlement. If (i) an Indemnified Party determines that a potential conflict of interest exists or may arise as a result of any of the Indemnitors assuming the investigation and defense of any claims, (ii) an Indemnified Party shall have been advised by counsel that there may be legal defenses available to it which are different from or additional to those available to the Indemnitors, or that a conflict exists that could affect the zealous defense of such Claims by the Indemnitors, (iii) the Indemnitors shall not have assigned the defense of such action and employed counsel therefor satisfactory to the Indemnified Party within a reasonable time after notice of commencement of such action, such Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense of the action or proceeding, and the Indemnitors shall pay the fees and expenses of such separate counsel.

(b) Notwithstanding the fact that it is the intention of the parties hereto that the Issuer shall not incur any pecuniary liability by reason of the terms of this Agreement or the Bond Loan Notes or the undertakings required of the Issuer hereunder, by reason of the issuance of the Bonds, the execution of the Indenture or the performance of any act requested of the Issuer by the Borrower, including all claims arising in connection with the violation of any statutes or regulation pertaining to the foregoing; nevertheless, if the Issuer should incur any such pecuniary liability, then in such event the Indemnitors shall indemnify and hold the Issuer harmless against all such claims (but excluding such Claims arising from the willful misconduct of the Issuer) whatsoever, by or on behalf of any Person, firm or corporation or other legal entity arising out of the same or lack of any offering statement in connection with the sale, resale or remarketing of the Bonds and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the Issuer, the Borrower shall defend the Issuer in any such action or proceeding.

(c) Failure of an Indemnified Party to provide notification to the Indemnitors required under this Section shall not operate as a waiver of the Indemnitors' indemnification obligations in this Section.

(d) The obligations of the Indemnitors under this Section are joint and several, and are in addition to and shall not be limited by the provisions of Section 5.11 hereof and shall survive the termination of this Agreement.

#### **Section 5.36. Restriction on Transfer.**

(a) In the event the Borrower intends to sell, lease (except to the tenants who will occupy units in the Project), sublease or otherwise materially encumber the whole of or any part of the Project or sell, assign or otherwise, except as otherwise provided herein, transfer any interest in the Borrower except as otherwise provided in Section 6.01(e) hereof (a "transfer"), it shall (i) apply to the Issuer for consent to transfer, provided that consent of the Issuer shall not be unreasonably withheld, conditioned or delayed with respect to any transfer which is subject to the approval of the Issuer pursuant to this Section 6.01 and (ii) comply with the provisions of the Regulatory Agreement restricting any such transfer.

(b) In addition, in connection with a proposed transfer, the Borrower and any transferee shall comply with all applicable provisions of the laws and regulations of the State in



effect at that time regarding notice to tenants, and tenants' rights generally, including, specifically, the right of first refusal, or any successor legislation thereto. The transferee shall expressly assume the Borrower's duties and obligations under this Agreement and any other Documents to which the Borrower is a party in writing simultaneously with any approved transfer as set forth in this Section 5.36. The Borrower shall make available to the Trustee and the Issuer copies of any documents reflecting an amendment to partnership interests in the Borrower or other organizational documents relating to the sale or other transfer of assets of the Borrower.

(c) Except as otherwise provided for herein, the Borrower will not, directly or indirectly, by operation of law or otherwise, sell, assign, grant a deed of trust, pledge, hypothecate, transfer or otherwise dispose of the Project or any interest in the Project, and will not encumber, alienate, hypothecate, grant a security interest in or grant any other ownership or control interest whatsoever in the Project, in the leases or in the rents, issues and profits therefrom.

(d) Except as otherwise provided for herein, no interest in the Borrower and no ownership interest in the General Partner may be sold, conveyed, transferred, assigned, pledged or otherwise transferred, in whole or in part, directly or indirectly, by operation of law or otherwise.

(e) Notwithstanding anything to the contrary contained in the subsections above or otherwise in the Borrower Documents, each of the following transactions are hereby deemed to be expressly permitted hereunder and shall not require any further consent of the Issuer:

(i) Issuance of partnership interests in the Borrower equal to 99.99% of the profits, losses, credits, distributions and other interests in the Borrower to the Investor Limited Partner;

(ii) The transfer by the Investor Limited Partner of all or any portion of its partnership interest in the Borrower to (A) any other entity which is an affiliate of the Investor Limited Partner or its members, or (B) any other entity which is controlled by, or under common control with, the Investor Limited Partner's parent or controlling company;

(iii) The pledge and encumbrance of the partnership interests in the Borrower of the Investor Limited Partner to or for the benefit of any financial institution which enables the Investor Limited Partner to make its capital contributions to Borrower and any subsequent realization by any such lender upon the interests of the Investor Limited Partner in the Borrower;

(iv) The removal of the General Partner by an affiliate of the Investor Limited Partner pursuant to the terms of the Partnership Agreement of the Borrower and the replacement of the General Partner with the Investor Limited Partner or an affiliate of the Investor Limited Partner;

(v) The transfer of interests in the General Partner;

(vi) The pledge and encumbrance of the partnership interest of the General Partner or in the Borrower in accordance with the terms of the Limited Partnership Agreement and the Regulatory Agreement; and

(vii) The indirect transfer by the Investor Limited Partner or an affiliate of the Investor Limited Partner of all or any portion of its partnership interest in the Borrower.

(f) The Borrower will not become a party to any merger or consolidation, or agree to effect any asset acquisition or stock acquisition.

(g) The Borrower will not convert the ownership of the Project into condominium or cooperative housing corporation form of ownership other than a limited equity cooperative that is a qualified cooperative housing corporation as defined in Section 143(k)(9) of the Code.

(h) The Borrower will not seek the dissolution or winding up, in whole or in part, of the Borrower or voluntarily file, or consent to the filing of, a petition for bankruptcy, reorganization, or assignment for the benefit of creditors or similar proceedings.

(i) The Borrower will not enter into any arrangement, directly or indirectly, whereby the Borrower shall sell or transfer any property owned by it in order then or thereafter to lease such property or lease other property that the Borrower intends to use for substantially the same purpose as the property being sold or transferred without the prior written consent of the Issuer in its sole and absolute discretion.

(j) The Borrower will not take any action that would adversely affect the exclusion of interest on the Bonds from gross income, for purposes of federal income taxation nor omit or fail to take any action required to maintain the exclusion of interest on the Bonds from gross income, for purposes of federal income taxation.

(k) [Reserved].

(l) This Agreement may not be sold, transferred or otherwise disposed of by the Borrower without the prior written consent of the Issuer (which consent shall be within the reasonable discretion of the Issuer), subject to each of the following conditions:

(i) No such assignment will relieve the Borrower from primary liability for any of its obligations hereunder (unless the Issuer agrees in writing to release the Borrower) and in the event of any such assignment, the Borrower will continue to remain primarily liable for payment of its obligations hereunder and for performance and observance of the other covenants and agreements on its part herein provided.

(ii) No such assignment will, in the opinion of Bond Counsel (all such expenses related to such opinion shall be paid by the Borrower), adversely affect the excludability of interest on the Bonds from gross income for purposes of federal income taxation.

(iii) The assignee will assume in writing the obligations of the Borrower hereunder and under the Regulatory Agreement to the extent of the interest assigned in a form acceptable to the Issuer (the "Assumption Agreement").

(iv) Prior to any such assignment, the Borrower will furnish, or cause to be furnished, to the Issuer and the Trustee an executed original of the Assumption Agreement.

**Section 5.37. Issuer to Grant Security Interest to Trustee.** The parties hereto agree that pursuant to the Indenture, the Issuer shall assign to the Trustee, in order to secure payment of the Bonds, all of the Issuer's right, title and interest in and to this Agreement, the Series J Bond Loan Note and the Series K Bond Loan Note, except for Reserved Rights.

**Section 5.38. Establishment of Completion Date.**

(a) The Borrower Representative shall evidence completion of the Project and the actual date of completion to the Issuer and the Trustee by an executed Completion Certificate. The Completion Certificate shall be executed by the Borrower Representative and shall state to the best information and belief of the Borrower, after due inquiry, that, except for amounts retained (subject to the provisions of this Section 5.38) by the Trustee at the Issuer's or the Borrower's direction for any costs not then due and payable or costs due and payable, the payment of which is being diligently contested in good faith, rehabilitation of the Project has been substantially completed in material compliance with all applicable laws, regulations and agreements, and all costs of labor, services, materials and supplies used in the Project have been paid or provisions have been made for their payment, all equipment necessary for the operation of the Project has been purchased, installed and paid for, is suitable and sufficient for its intended purposes, and is fully operable, all costs and expenses incurred in connection with the Project have been paid except for amounts not yet due and payable or being diligently contested in good faith by the Borrower, and the Project is suitable and sufficient for its intended purposes. Notwithstanding the foregoing, the Completion Certificate shall further state that it is given without prejudice to any rights of the Borrower against third parties which exist at the date of the Completion Certificate or which may subsequently come into being. The Completion Certificate shall be furnished by the Borrower to the Issuer and the Trustee promptly following the completion of the Project.

(b) If at least ninety-five percent (95%) of the proceeds of the Bonds have not been used to pay Project Costs (as certified in writing by the Borrower to the Issuer and the Trustee), any amount (exclusive of amounts retained by the Trustee in the Project Fund for payment of Project Costs not then due and payable) remaining in the Project Fund shall be transferred by the Trustee into the Bond Fund and used by the Trustee (i) to pay the principal of and interest on the Bonds or (ii) for any other purpose, provided that, with regard to any other purpose, the Trustee is furnished with an opinion of Bond Counsel to the effect that such use is lawful under the Act and will not cause interest on the Bonds to be included in gross income for federal income tax purposes. Until used for one or more of the foregoing purposes, such segregated amount may be invested as permitted by the Indenture provided that prior to any such investment the Trustee is provided with an opinion of Bond Counsel to the effect that such investment will not cause interest on the Bonds to be included in gross income for federal income tax purposes.

**Section 5.39. Borrower Required to Pay in Event Project Fund Insufficient.** In the event the moneys in the Bond Proceeds Fund are not sufficient to pay the Project Costs in full, the Borrower agrees to complete the Project and to pay that portion of the Project Costs in excess of the moneys available therefore in the Bond Proceeds Fund. The Issuer does not make any warranty, either express or implied, that the moneys deposited into the Bond Proceeds Fund and available for payment of the Project Costs will be sufficient to pay all of the Project Costs. The Borrower agrees that if after exhaustion of the moneys in the Bond Proceeds Fund, the Borrower should pay any portion of the Project Costs pursuant to the provisions of this Section, the Borrower shall not be entitled to any reimbursement therefor from the Issuer, the Trustee or the Holders of any of the Bonds, nor shall the Borrower be entitled to any diminution of the amounts payable under this Agreement.

**Section 5.40. Special Arbitrage Certifications.** The Borrower and the Issuer covenant (i) not to take any action or fail to take any action which would cause the interest on any of the Bonds to be or become includable in the gross income of the Holders for federal income tax purposes and (ii) not to cause or direct any moneys on deposit in any fund or account to be used in a manner that would cause the Bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code. The Borrower certifies and covenants to and for the benefit of the Issuer and the Holders of the Bonds that so long as there are any Bonds Outstanding, moneys on deposit in any fund or account in connection with the Bonds, whether such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner that will cause the Bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code.

**Section 5.41. Compliance with Anti-Terrorism Regulations.**

(a) None of the related persons will be included in, owned by, controlled by, act for or on behalf of, provide assistance, support, sponsorship, or services of any kind to, or otherwise associate with any of the Persons referred to or described in any list of persons, entities, and governments issued by OFAC pursuant to Executive Order 13224 or any other OFAC List.

(b) Borrower will comply at all times with the requirements of Executive Order 13224; the International Emergency Economic Powers Act, 50 U.S.C. Sections 1701-06; the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56 (the "PATRIOT Act"); the Iraqi Sanctions Act, Pub. L. 101-513, 104 Stat. 2047-55; the United Nations Participation Act, 22 U.S.C. Section 287c; the Antiterrorism and Effective Death Penalty Act, (enacting 8 U.S.C. Section 219, 18 U.S.C. Section 2332d, and 18 U.S.C. Section 2339b); the International Security and Development Cooperation Act, 22 U.S.C. Section 2349 aa 9; the Terrorism Sanctions Regulations, 31 C.F.R. Part 595; the Terrorism List Governments Sanctions Regulations, 31 C.F.R. Part 596; the Foreign Terrorist Organizations Sanctions Regulations, 31 C.F.R. Part 597; the Bank Secrecy Act, Pub. L. 91-508, 84 Stat. 1114, 1118; the Trading with the Enemy Act, 50 U.S.C. App. Section 1 et seq.; the laws relating to prevention and detection of money laundering in 18 U.S.C. Sections 1956 and 1957 and any similar laws or regulations currently in force or hereafter enacted (collectively, the “Anti-Terrorism Regulations”).

(c) If Borrower becomes aware or receives any notice that any of the related Persons are named on any of the OFAC Lists (such occurrence, an “OFAC Violation”), Borrower will immediately (i) give notice to the Issuer and the Trustee of such OFAC Violation, and (ii) comply with all laws applicable to such OFAC Violation (regardless of whether the party included on any of the OFAC Lists is located within the jurisdiction of the United States of America), including, without limitation, the Anti-Terrorism Regulations, and Borrower hereby authorizes and consents to Issuer’s and Trustee’s taking any and all steps Issuer and Trustee deem necessary, in the sole discretion of each of Issuer and Trustee, to comply with all laws applicable to any such OFAC Violation, including, without limitation, the requirements of the Anti-Terrorism Regulations (including the “freezing” and/or “blocking” of assets).

(d) Upon Issuer or Trustee’s request from time to time during the term of the Bond Loans, Borrower agrees to deliver a certification confirming that the representations and warranties set forth in this Financing Agreement remain true and correct as of the date of such certificate and confirming Borrower’s compliance with this Section. Borrower also agrees to cooperate with each of Issuer and Trustee, and to cause each related Person cooperate with Issuer and Trustee, in providing such additional information and documentation on Borrower’s and such

related person's legal or beneficial ownership, policies, procedures and sources of funds as Issuer and Trustee deem necessary or prudent to enable each of them to comply with the Anti-Terrorism Regulations as now in existence or hereafter amended. From time to time upon the written request of Issuer and Trustee, Borrower shall deliver to the requesting party a schedule of the name, legal domicile, address and jurisdiction of organization, if applicable, for each related party and each holder of a legal interest in any Borrower.

## ARTICLE VI

### PERMANENT LOAN DOCUMENTS

**Section 6.01. Assurances.** The Borrower, the Issuer and the Trustee mutually agree that no party hereto shall enter into any contract or agreement, perform any act, or request any other party hereto to enter into any contracts or agreements or perform any acts, which shall adversely affect the Permanent Loan Documents.

**Section 6.02. Financial Obligations Personal to the Borrower.** The Issuer acknowledges that the Project shall be encumbered by the Permanent Loan Documents. Notwithstanding any provisions of this Financing Agreement or the Regulatory Agreement to the contrary, all obligations of the Borrower under this Financing Agreement and the Regulatory Agreement for the payment of money and all claims for damages against the Borrower occasioned by breach or alleged breach by the Borrower of its obligations under the Regulatory Agreement or this Financing Agreement, including indemnification obligations, shall not be payable from the Trust Estate and shall not be secured by or in any manner constitute a lien on the Project, and no Person shall have the right to enforce such obligations other than directly against the Borrower. No subsequent owner of the Project shall be liable or obligated for the breach or default of any obligation of any prior owner under the Regulatory Agreement or this Financing Agreement, including but not limited to any payment or indemnification obligation. Such obligations are personal to the Person who was the owner at the time the default or breach was alleged to have occurred and such Person shall remain liable for any and all damages occasioned thereby even after such Person ceases to be the owner.

## ARTICLE VII

### TRUSTEE'S INTEREST IN AGREEMENT

**Section 7.01. Issuer Assignment of Financing Agreement and Bond Loan Notes.** It is understood and agreed that all the Issuer's rights under this Financing Agreement and the Bond Loan Notes (except its rights to receive notices, certificates, reports and other information hereunder, its rights to fees, and its rights to enforce the Regulatory Agreement and the Tax Certificate, all of which rights are held concurrently with the Trustee, and its rights to indemnification and payment of its costs and expenses as provided herein, together with its other Reserved Rights) are assigned by the Indenture to the Trustee; *provided*, that when all of the Bonds have been paid or deemed paid pursuant to the Indenture, the Trustee shall have no further right or duty to enforce the terms of the Regulatory Agreement. The Borrower hereby consents to such assignment.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES

**Section 8.01. Events of Default.** Each of the following shall constitute an event of default under this Financing Agreement, and the term “**Event of Default**” shall mean, whenever used in this Financing Agreement, any one or more of the following events:

(a) Failure by the Borrower to pay any amounts due under this Financing Agreement at the times and in the amounts required hereby; or

(b) Failure by the Borrower to observe or perform any covenants, agreements or obligations in this Financing Agreement on its part to be observed or performed (other than as provided in clause (a) above) for a period of thirty (30) days after receipt of written notice specifying such failure and requesting that it be remedied, given to the Borrower by any party to this Financing Agreement; *provided, however*, that if said failure shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if the failure is correctable without material adverse effect on the Bonds and if corrective action is instituted by the Borrower within such period and diligently pursued until the failure is corrected, and *provided, further* that any such failure shall have been cured within ninety (90) days of receipt of notice of such failure; or

(c) Breach of any of the covenants, agreements or obligations of the Borrower under or the occurrence of a default which is continuing under the Regulatory Agreement, including any exhibits to any of the foregoing; or

(d) The occurrence of an Event of Default caused by the Borrower under and as defined in the Indenture or under any of the other Financing Documents.

Nothing contained in this Section 8.01 is intended to amend or modify any of the provisions of the Permanent Loan Documents or to bind the Borrower, the Lender or Fannie Mae to any notice and cure periods other than as expressly set forth in the Permanent Loan Documents.

**Section 8.02. Remedies Upon an Event of Default.**

(a) Subject to Section 8.02(d), whenever any Event of Default shall have occurred and be continuing, the Issuer or the Trustee may take any one or more of the following remedial steps:

(i) By any suit, action or proceeding, pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under this Financing Agreement and the Bond Loan Notes, to enforce the performance of any covenant, obligation or agreement of the Borrower under this Financing Agreement and the Bond Loan Notes (subject to the nonrecourse provisions of this Financing Agreement and the Regulatory Agreement) or to enjoin acts or things which may be unlawful or in violation of the rights of the Issuer or the Trustee.

(ii) Take whatever other action at law or in equity may appear necessary or desirable to enforce any monetary obligation of the Borrower under this Financing Agreement and the Bond Loan Notes or to enforce any other covenant, obligation or agreement of the Borrower under (1) this Financing Agreement, (2) the Regulatory Agreement or (3) the Bond Loan Notes.

(iii) Have access to and inspect, examine, audit and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Borrower.

(b) The provisions of subsection (a) hereof are subject to the condition that if, after any Event of Default, except a default under the Regulatory Agreement, (i) all amounts which would then be payable hereunder by the Borrower if such Event of Default had not occurred and was not continuing shall have been paid by or on behalf of the Borrower, and (ii) the Borrower shall have also performed all other obligations in respect of which it is then in default hereunder and shall have paid the reasonable charges and expenses of the Issuer and the Trustee, including reasonable attorney fees and expenses paid or incurred in connection with such default, then and in every such case, such Event of Default may be waived and annulled by the Trustee, but no such waiver or annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) Subject to the limitations of the Regulatory Agreement and this Financing Agreement, the Issuer, without the consent of the Trustee, but only after written notice to the Trustee, the Borrower, the Investor Limited Partner, the Lender and Fannie Mae, may take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any Reserved Right of the Issuer; *provided* that, the Issuer may not (i) terminate this Financing Agreement or cause the Permanent Loan to become due and payable, (ii) cause the Trustee to declare the principal of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable, or cause the Trustee to accelerate, foreclose or take any other action or seek other remedies under the Financing Documents, the Permanent Loan Documents or any other documents contemplated hereby or thereby to obtain such performance or observance, (iii) cause the acceleration, foreclosure or taking of any other action or the seeking of any remedies under the Permanent Loan Documents, (iv) initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal, interest and other amounts due under the Permanent Loan, or (v) interfere with or attempt to influence the exercise by Fannie Mae of any of its rights under the Financing Documents or the Permanent Loan Documents.

(d) Except as required to be deposited in the Rebate Fund pursuant to the Financing Documents, any amounts collected pursuant to action taken under this Section 8.02 shall, after the payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, the Issuer, the Lender or Fannie Mae and their respective counsel, be applied in accordance with the provisions of the Indenture. No action taken pursuant to this Section shall relieve the Borrower from the Borrower's obligations pursuant to Section 5.09 hereof.

(e) No remedy herein conferred upon or reserved to the Issuer or the Trustee 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 now or hereafter existing pursuant to any other agreement at law or in equity or by statute.

(f) Notwithstanding any other provision of this Financing Agreement to the contrary, after the MBS Delivery Date, so long as Fannie Mae is not in default under the MBS, none of the Issuer, the Trustee or any Person under their control shall exercise any remedies or direct any proceedings under this Financing Agreement or the Permanent Loan Documents, other than to (i) enforce rights under the MBS, (ii) enforce the tax covenants in the Indenture and this

Financing Agreement, or (iii) enforce rights of specific performance under the Regulatory Agreement; *provided, however*, that any enforcement under (ii) or (iii) above shall not include seeking monetary damages.

### **Section 8.03. Default Under Regulatory Agreement.**

(a) If the Borrower fails, at any time for any reason, to comply with the requirements of the Regulatory Agreement, then within thirty (30) days after the earlier of the date the violation is discovered by the Issuer or the Trustee or the date the Issuer or the Trustee received notice thereof, the Issuer (if necessary to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes) or the Trustee, on behalf and at the request of the Issuer, shall institute an action for specific performance to correct the violation. The Borrower hereby acknowledges and agrees that were money damages a remedy under the Regulatory Agreement, money damages alone would not be an adequate remedy at law for a default by the Borrower arising from a failure to comply with the Regulatory Agreement, and therefore the Borrower agrees that the remedy of specific performance (subject to the provisions of Section 8.02(c) hereof) shall be available to the Issuer and/or the Trustee in any such case.

(b) Notwithstanding the availability of the remedy of specific performance provided for in subsection (a) of this Section, promptly upon determining that a violation of the Regulatory Agreement has occurred, the Issuer shall, by notice in writing to the Lender, inform the Lender that a violation of the Regulatory Agreement has occurred; notwithstanding the occurrence of such violation, neither the Issuer nor the Trustee shall have, and each of them acknowledges that they shall not have, any right to cause or direct acceleration of the Permanent Loan, to enforce the Mortgage Note or to foreclose on the Mortgage.

### **Section 8.04. Limitation on Waivers.**

(a) No delay or omission to exercise any right or power occurring upon any Event of 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 appropriate. The Issuer and the Trustee agree to give only such notices as may be herein expressly required.

(b) In the event any covenant, agreement or condition contained in this Financing Agreement shall be breached by a party and thereafter waived by another party, such waiver shall not bind any party which has not waived the breach and shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder nor be a waiver of the same breach on a future occasion. By reason of the assignment and pledge of certain of the Issuer's rights and interests in this Financing Agreement to the Trustee, the Issuer shall have no power to waive or release the Borrower from any Event of Default or the performance or observance of any obligation or condition of the Borrower under this Financing Agreement without first requesting and receiving the prior written consent of the Trustee, but shall do so if, requested by the Trustee; *provided* that the Issuer shall not be required to grant such waiver or release unless it shall have been provided with (i) if deemed necessary, in the sole discretion of the Issuer, an Opinion of Counsel that such action will not result in any pecuniary liability to it and an Opinion of Bond Counsel that such waiver shall not cause interest on the Bonds to be included in the gross income of the Bondholders thereof for federal income tax purposes, (ii) such indemnification as the Issuer shall deem reasonably necessary, and (iii) written notice from the Trustee of the request for such waiver or release.



**Section 8.05. Notice of Default; Rights To Cure.** The Issuer and the Trustee shall each give notice to the other and to the Investor Limited Partner and the Lender of the occurrence of any Event of Default by the Borrower hereunder of which it has actual knowledge. The Lender and the Investor Limited Partner shall each have the right, but not the obligation, to cure any such default by the Borrower, and upon performance by the Lender or the Investor Limited Partner to the satisfaction of the Issuer and the Trustee of the covenant, agreement or obligation of the Borrower with respect to which an Event of Default has occurred, the parties hereto shall be restored to their former respective positions, it being agreed that the Lender and the Investor Limited Partner shall each have the right to repayment from the Borrower of moneys it has expended and any other appropriate redress for actions it has taken to cure any default by the Borrower; *provided* that the Borrower's reimbursement obligation shall be non-recourse to the same extent as the underlying obligation is non-recourse to the Borrower.

**Section 8.06. Rights Cumulative.** All rights and remedies herein given or granted to the Issuer and the Trustee are cumulative, nonexclusive and in addition to any and all rights and remedies that the Issuer and the Trustee may have or may be given by reason of any law, statute, ordinance or otherwise. Notwithstanding anything to the contrary contained in this Financing Agreement, neither the Trustee nor the Issuer may commence any action against the Borrower for specific performance or any other remedy at law or in equity, other than to enforce performance and observance of any Reserved Right of the Issuer and its rights under Section 8.03, without first obtaining the prior written consent of Fannie Mae.

## ARTICLE IX

### MISCELLANEOUS

**Section 9.01. Notices.** All notices, certificates or other communications herein provided shall be given in writing to the Issuer, the Borrower, the Trustee, Fannie Mae, the Lender and, for notices under Section 8.05 only, the Investor Limited Partner, and shall be sufficiently given and shall be deemed given if given in the manner provided in the Indenture. Except as otherwise provided in the preceding sentence, copies of each notice, certificate or other communication given hereunder by any party hereto shall be given to all parties hereto. By notice given hereunder, any party may designate further or different addresses to which subsequent notices, certificates or other communications are to be sent. A duplicate copy of each notice, certificate, request or other communication given hereunder to the Issuer, the Borrower, the Lender or the Trustee shall also be given to Fannie Mae.

**Section 9.02. Amendment.** This Financing Agreement and all other documents contemplated hereby to which the Issuer is a party may be amended or terminated only if permitted by the Indenture, and no amendment to this Financing Agreement shall be binding upon, any party hereto until such amendment is reduced to writing and executed by the parties hereto; *provided* that no amendment, supplement or other modification to this Financing Agreement or any other Financing Document shall be effective without the prior written consent of the Permanent Lender and Fannie Mae.

**Section 9.03. Entire Agreement.** Except as provided in the other Financing Documents and the Permanent Loan Documents, this Financing Agreement contains all agreements among the parties hereto, and there are no other representations, warranties, promises, agreements or understandings, oral, written or implied, among the parties hereto, unless reference is made thereto in this Financing Agreement or the Indenture.

**Section 9.04. Binding Effect.** This Financing Agreement shall be binding upon the Issuer, the Borrower and the Trustee and their respective successors and assigns. Notwithstanding anything herein

to the contrary, to the extent Fannie Mae or its designee shall become the owner of the Project as a result of a foreclosure or a deed in lieu of foreclosure or similar conveyance, Fannie Mae, and its designee, if applicable, shall not be liable for any breach or default or any of the obligations of any prior owner of the Project under this Financing Agreement, and shall only be responsible for defaults and obligations incurred during the period Fannie Mae or its designee, if applicable, is the owner of the Project.

**Section 9.05. Severability.** If any clause, provision or section of this Financing Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections.

**Section 9.06. Applicable Law; Venue.** This Financing Agreement shall be governed exclusively by and construed in accordance with the laws of the State and any action arising out of this Financing Agreement or the Bonds shall be filed and maintained in the City and County of San Francisco, California unless the Issuer waives this requirement in writing.

**Section 9.07. Debtor-Creditor Relationship.** It is expressly understood and agreed that the relationship between the Issuer and the Borrower established by the transaction contemplated by this Financing Agreement and by all of the other Construction Loan Documents and Permanent Loan Documents is exclusively that of creditor or lender, on the part of the Issuer, and debtor or borrower, on the part of the Borrower and is in no way to be construed as a partnership or joint venture of any kind. It is further understood that, all payments by the Borrower under the Construction Loan Documents and Permanent Loan Documents shall be exclusively on account of the said debtor/creditor relationship.

**Section 9.08. Usury; Total Interest.** This Financing Agreement is subject to the express condition, and it is agreed, that at no time shall payments hereunder, under the Note or under the other Construction Loan Documents and Permanent Loan Documents that are or are construed to be payments of interest on the unpaid principal amount of the Bond Loans reflect interest that is borne at a rate in excess of the maximum permitted by law. The Borrower shall not be obligated or required to pay, nor shall the Issuer be permitted to charge or collect, interest borne at a rate in excess of such maximum rate. If by the terms of this Financing Agreement or the other Construction Loan Documents and Permanent Loan Documents, the Borrower is required to make to such payments reflecting interest borne at a rate in excess of such maximum rate, such payments shall be deemed to be reduced immediately and automatically to reflect such maximum rate. [It is further agreed that the total of amounts paid hereunder as interest on the Bond Loans which is to pay interest on the Bonds, cumulative from the date of the Note, shall not exceed the sum of 5% per month, simple and non-compounded for each month from such date to the date of calculation (calculated on the basis of a 360-day year of twelve thirty-day months).] Any such excess payment previously made in either case shall be immediately and automatically applied to the unpaid balance of the principal sum of the applicable Bond Loan and not to the payment of interest thereon. This Financing Agreement is also subject to the condition that amounts paid hereunder representing late payment or penalty charges or the like shall only be payable to the extent permitted by law.

**Section 9.09. Limited Liability of the Issuer.**

(a) **Reliance by Issuer on Facts or Certificates.** Anything in this Financing Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion,

notice, or other instrument furnished to the Issuer by the Lender, the Trustee or the Borrower as to the existence of any fact or state of affairs required hereunder to be noticed by the Issuer.

(b) ***Waiver of Personal Liability.*** No member, officer, agent or employee of the Issuer or any of its members or any director, officer, agent or employee of the Borrower shall be individually or personally liable for the payment of any principal of (or Redemption Price), premium, if any, or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Financing Agreement; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Financing Agreement.

(c) ***Non-Liability of Issuer.*** The Issuer shall not be obligated to pay the principal (or Redemption Price) of or interest on the Bonds, except from the Trust Estate. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Issuer or any member is pledged to the payment of the principal (or Redemption Price) of, premium, if any, or interest on the Bonds. The Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Financing Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under this Financing Agreement or from the MBS.

The Borrower hereby acknowledges that the Issuer's sole source of moneys to repay the Bonds will be provided by the Trust Estate, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or Redemption Price) of, premium, if any, and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or Redemption Price) of, premium, if any, or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Issuer or any third party, subject to any right of reimbursement from the Trustee, the Issuer or any such third party, as the case may be, therefor.

(d) ***Expenses.*** The Borrower shall pay and indemnify the Issuer and the Trustee against all reasonable fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith (and with respect to the Trustee, without negligence) and arising out of or in connection with the Financing Documents and the Permanent Loan Documents. These obligations and those in Section 5.09 hereof shall remain valid and in effect notwithstanding repayment of the Permanent Loan hereunder or termination of the Financing Agreement or the Indenture.

(e) ***No Warranty by Issuer.*** The Borrower recognizes that, because the components of the Project have been and are to be designated and selected by it, THE ISSUER HAS NOT MADE AN INSPECTION OF THE PROJECT OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE ISSUER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY THE OWNER. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A

PORTION THEREOF, WHETHER PATENT OR LATENT, THE ISSUER SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE ISSUER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OF THE STATE OF CALIFORNIA OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT OR OTHERWISE.

**Section 9.10. Term of Financing Agreement.** This Financing Agreement shall be in full force and effect from its date to and including such date as all of the Bonds shall have been fully paid or retired (or provision for such payment shall have been made as provided in the Indenture); provided, however, that the provisions of Sections 2.01, 5.05 and 5.09 of this Financing Agreement shall survive the termination hereof.

**Section 9.11. Execution in Counterparts.** This Financing 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.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Financing Agreement to be executed by their duly authorized representatives as of the date of execution set forth below.

**CITY AND COUNTY OF SAN FRANCISCO**

By: \_\_\_\_\_

\_\_\_\_\_  
Director, Mayor's Office of Housing  
and Community Development

Approved as to form:  
DENNIS J. HERRERA  
City Attorney

By: \_\_\_\_\_

Kenneth D. Roux,  
Deputy City Attorney

[Issuer Signature Page to Financing Agreement]

**[TRUSTEE]**  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

[Trustee Signature Page to Financing Agreement]

**EASTERN PARK APARTMENTS, L.P.,**  
a California limited partnership

By: Sequoia Living EPA LLC,  
a California limited liability company,  
its general partner

By: Sequoia Living, Inc.,  
a California nonprofit public benefit corporation,  
its sole member/manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Borrower Signature Page to Financing Agreement]

**EXHIBIT A**  
**FORM OF REQUISITION**

STATEMENT NO. \_\_\_\_\_ REQUESTING DISBURSEMENT OF FUNDS FROM  
BOND PROCEEDS FUND AND THE BORROWER EQUITY FUND PURSUANT  
TO SECTION 4.05 OF THE FINANCING AGREEMENT

Pursuant to Section 4.08 of the Financing Agreement dated as of December 1, 2019 (the "Financing Agreement") between the City and County of San Francisco, California (the "Issuer"), Eastern Park Apartments, LP (the "Borrower"), and [Trustee] (the "Trustee"), the undersigned Authorized Borrower Representative hereby requests and authorizes the Trustee, as depository of the Bond Proceeds Fund created by the Indenture of Trust, dated as of December 1, 2019 (the "Indenture"), between the Issuer and the Trustee, to pay [to the Borrower] [to JPMorgan Chase Bank N.A., as Construction Lender] [or to the person(s) listed on the Disbursement Schedule hereto as Schedule I] out of the money deposited in the [Series J Bond Proceeds Account of the Bond Proceeds Fund][Series K Bond Proceeds Account of the Bond Proceeds Fund][THE Borrower Equity Fund] the aggregate sum of \$ \_\_\_\_\_ to pay the costs of the items listed in the Disbursement Schedule attached hereto as Schedule I.

In connection with the foregoing request and authorization, the undersigned hereby certifies that:

(a) All conditions precedent to the requested disbursement as provided for in the Indenture and Financing Agreement (including, without limitation, the deposit of sufficient Eligible Funds into the respective account of the Collateral Fund as provided in the Indenture), have occurred.

(b) Each item for which disbursement is requested hereunder is an item described in Section 4.05 of the Financing Agreement, is properly payable out of the Bond Proceeds Fund in accordance with the terms and conditions of the Financing Agreement and none of those items has formed the basis for any disbursement heretofore made from said Bond Proceeds Fund.

(c) Each such item is or was necessary in connection with the acquisition, construction, rehabilitation, installation, equipment or improvement of the Project, as defined in the Indenture.

(d) The Borrower has received, or will concurrently with payment receive and deliver to the Trustee, appropriate waivers of any mechanics' or other liens with respect to each item for which disbursement is requested hereunder.

(e) Each item for which disbursement is requested hereunder, and the cost for each such item, is as described in the information statement filed by the Issuer in connection with the issuance of the Bonds (as defined in the Indenture), as required by Section 149(e) of the Code; provided that if any such item is not as described in that information statement, attached hereto is an Opinion of Bond Counsel to the effect that such disbursement will not adversely affect the status of the interest on the Bonds as excludible from gross income for federal income tax purposes of the Bondholders (except on Bonds while held by a substantial user or related person, each as defined in the Code).

(f) There is no current or existing event of default pursuant to the terms of the Financing Agreement or the Regulatory Agreement and no event exists which by notice or passage of time or both would constitute an event of default under any of the foregoing documents.

(g) No amount for which disbursement is sought formed the basis for any prior disbursement.



(h) Each item for which disbursement is sought was or is necessary in connection with the Project and qualifies for disbursement pursuant to the provisions of the Financing Agreement.

(i) No representation or warranty of the Borrower contained in the Financing Agreement or the Regulatory Agreement is materially incorrect or inaccurate, and there has been no "Event of Default" or default under the terms of any of those documents which has occurred and is continuing after any applicable notice period and no event shall exist which by notice, passage of time or both would constitute an "Event of Default" or default under any of those documents.

(j) There are no liens on the Project except Permitted Liens and those permitted or provided for by the Financing Agreement.

(k) This statement and all exhibits hereto, including the Disbursement Schedule, shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Trustee for its actions taken pursuant hereto.

[Remainder of page intentionally left blank]

This statement constitutes the approval of the Borrower of each disbursement hereby requested and authorized.

This \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**EASTERN PARK APARTMENTS, L.P.,**  
a California limited partnership

By: Sequoia Living EPA LLC,  
a California limited liability company,  
its general partner

By: Sequoia Living, Inc.,  
a California nonprofit public benefit corporation,  
its sole member/manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

APPROVED:

\_\_\_\_\_  
as Lender

By: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
as the [Issuer Servicer]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SCHEDULE I**

**DISBURSEMENT SCHEDULE**

PAYEE	AMOUNT	PURPOSE
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## EXHIBIT B-1

### FORM OF SERIES J BOND LOAN NOTE

[\$[PAR AMOUNT]]

December \_\_, 2019

FOR VALUE RECEIVED, Eastern Park Apartments, LP, a California limited partnership (the "Borrower"), promises to pay to the City and County of San Francisco, California (the "Issuer"), or its order, the principal sum of \_\_\_\_\_ (\$[PAR AMOUNT]), with interest payable as set forth below. Capitalized terms used in this promissory note (the "Note") but not defined shall have the respective meanings set forth in the Indenture of Trust, dated as of December 1, 2019 (the "Indenture"), between the Issuer and [Trustee], as trustee thereunder (the "Trustee").

Borrower promises to pay to the Issuer the principal sum of this Note, together with interest at the Pass-Through Rate, and all assessments, taxes and premiums as follows:

One business day preceding each Payment Date to and including the business day preceding the Final Payment Date, the Borrower shall pay to the Issuer interest on the outstanding principal balance of this Note.

(a) The entire principal balance of this Note, plus any accrued but unpaid interest to and including the Final Payment Date, shall be due and payable one business day preceding the Final Payment Date.

(b) Payments made by the Trustee to the holders of the Series J Bonds, from funds available under the Indenture, will be credited against the Borrower's obligation to pay interest and principal under this Note. The Borrower shall be obligated to pay any deficiency between amounts due under this Note and amounts paid to bondholders by the Trustee pursuant to the Indenture.

(c) If any installment of interest, principal, or any other payment due under this Note is not paid within 10 days from the date that the installment or payment is due, the Borrower promises to pay to the Issuer a "late charge" equal to 5% of the aggregate monthly payment required by this Note.

(d) Upon an Event of Default, as defined in the Indenture, the unpaid principal, together with all accrued interest thereon, and all other sums due and payable shall, at the option of the holder of this Note, become immediately due and payable. Failure to exercise this option shall not constitute a waiver of the right to exercise this option in the event of any subsequent default.

(e) As to this Note, the Borrower and all guarantors, if any, severally waive all applicable exemption rights, whether under any state constitution, homestead laws or otherwise, and also severally waive valuation and appraisal, presentment, protest and demand, notice of protest, demand and dishonor and nonpayment of this Note, and expressly agree that the maturity of this Note, or any payment under this Note, may be extended from time to time without in any way affecting the liability of the Borrower and all guarantors.

(f) All payments due under this Note shall be made during regular business hours at the principal corporate trust office of the Trustee or at any other place that the Issuer may designate in writing, and shall be made in coin or currency of the United States of America which at the time of payment is legal tender for the payment of public or private debts.

(g) The Borrower represents and warrants that it is a California limited partnership.

(h) Neither the Borrower nor any partner, officer or director of the Borrower shall have any personal liability for principal or interest payments or any other payments due under this Note.

(i) The Borrower hereby acknowledges that, pursuant to the Indenture, the Issuer is assigning to the Trustee all of the Issuer's right, title, and interest in and to this Note, exclusive of the Reserved Rights of the Issuer. Such assignment is being made as security for the payment of the Series J Bonds of the Issuer. All of the terms, conditions and provisions of the Indenture are, by this reference thereto, incorporated herein as part of this Note.

Notwithstanding any other provision contained in this Note, it is agreed that the execution of this Note shall impose no personal liability on the maker hereof for payment of the indebtedness evidenced hereby and in the event of a default, the holder of this Note will not seek or obtain any deficiency or personal judgment against the maker hereof except such judgment or decree as may be necessary to foreclose and bar its interest in the property.

**IN WITNESS WHEREOF**, the Borrower has caused this Note to be executed and delivered on its behalf on the date first written above.

**EASTERN PARK APARTMENTS, L.P.**,  
a California limited partnership

By: Sequoia Living EPA LLC,  
a California limited liability company,  
its general partner

By: Sequoia Living, Inc.,  
a California nonprofit public benefit corporation,  
its sole member/manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**PAY TO THE ORDER OF:**

**[TRUSTEE], A NATIONAL BANKING  
ASSOCIATION, AS TRUSTEE UNDER THAT  
CERTAIN INDENTURE OF TRUST DATED AS  
OF DECEMBER 1, 2019**

**WITHOUT RECOURSE**

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

**EXHIBIT B-2**  
**FORM OF SERIES K BOND LOAN NOTE**

[\$[PAR AMOUNT]

December \_\_, 2019

Eastern Park Apartments, LP, a California limited partnership (the "Borrower"), for value received, promises to pay in installments to [Trustee], as trustee (the "Trustee") under the Indenture hereinafter referred to, the principal amount of

\_\_\_\_\_ DOLLARS \$[PAR AMOUNT])

and to pay interest on the unpaid balance of such principal sum from and after the date hereof at the rate of \_\_\_% per annum to but not including \_\_\_\_\_ (the "Initial Mandatory Tender Date"), and thereafter at the applicable Remarketing Rate (as defined in the Indenture described below), until the payment of such principal sum has been made or provided for. The principal amount stated above shall be paid on or before \_\_\_\_\_. Interest shall be calculated on the basis of a 360-day year of 12 equal months. Interest on this Note shall be paid in Federal Reserve funds on (a) the 1st day of the month following the month in which the Closing Date occurs and the 1st day of each month thereafter, or the next succeeding Business Day if such 1st day is not a Business Day (ii) each Mandatory Redemption Date described in the Indenture, (iii) each Mandatory Tender Date, (iv) the Bond Maturity Date and (v) the date of acceleration of the Series K Bonds (the "Payment Dates") until the principal amount is paid or duly provided for.

This Note has been executed and delivered by the Borrower to the Trustee, as assignee of the Issuer, pursuant to a certain Financing Agreement dated as of \_\_\_\_\_ (the "Financing Agreement"), between the City and County of San Francisco, California (the "Issuer") and the Borrower. Terms used but not defined herein shall have the meanings ascribed to such terms in the Financing Agreement and the Indenture, as defined below.

Under the Financing Agreement, the Issuer has loaned the Borrower the principal proceeds received from the sale of the Issuer's \$[PAR AMOUNT] Multifamily Housing Revenue Bonds, 2019 Series K (Eastern Park Apartments) (the "Series K Bonds") to assist in the financing of the Project, and the Borrower has agreed to repay such loan by making payments at the times and in the amounts set forth in this Note for application to the payment of amounts due on the Series K Bonds as and when due. The Series K Bonds have been issued, concurrently with the execution and delivery of this Note, pursuant to, and are secured by, the Indenture of Trust, dated as of December 1, 2019 (the "Indenture"), between the Issuer and the Trustee.

To provide funds to pay the principal of and interest on the Series K Bonds as and when due as specified herein, the Borrower hereby agrees to and shall make payments in Federal Reserve funds on each Payment Date in an amount equal to the principal and interest due on the Series K Bonds payable on such Payment Date. In addition, to provide funds to pay the principal and interest due on the Series K Bonds as and when due at any other time, the Borrower hereby agrees to and shall make payments in Federal Reserve funds on any other date on which any principal and interest due on the Series K Bonds shall be due and payable, whether at maturity, upon acceleration or otherwise, in an amount equal to such principal and interest due.

If payment or provision for payment in accordance with the Indenture is made in respect of the principal and interest due on the Series K Bonds from money other than as set forth above, this Note shall be deemed paid to the extent such payments or provision for payment of the Series K Bonds has been made. Consistent with the provisions of the immediately preceding sentence, the Borrower shall have credited against its obligation to make payments required herein any amounts transferred from the Series



K Subaccount of the Bond Proceeds Fund or the Series K Subaccount of the Collateral Fund to the Series K Subaccount of the Revenue Fund. Subject to the foregoing, all payments required hereunder shall be in the full amount required hereunder.

All payments required hereunder shall be made to the Trustee at its designated corporate trust office for the account of the Issuer and deposited into the Series K Subaccount of the Revenue Fund created by the Indenture. Except as otherwise provided in the Indenture, such payments shall be used by the Trustee to pay principal and interest due on the Series K Bonds as and when due.

The obligation of the Borrower to make the payments required hereunder shall be absolute and unconditional and the Borrower shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set off, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Trustee or any other person.

This Note is subject to prepayment, in whole or in part, upon the terms and conditions set forth in Article IV of the Financing Agreement. Any prepayment is subject to satisfaction of any applicable notice, deposit or other requirements set forth in the Agreement or the Indenture.

Whenever an Event of Default under Section 8.01 of the Indenture shall have occurred and, as a result thereof, the principal of and any premium on all Series K Bonds then Outstanding, and interest accrued thereon, shall have been declared to be immediately due and payable pursuant to Section 8.02 of the Indenture, the unpaid principal amount of and any premium and accrued interest on this Note shall also be due and payable in Federal Reserve funds on the date on which the principal of and premium and interest on the Bonds shall have been declared due and payable; provided that the annulment of a declaration of acceleration with respect to the Bonds shall also constitute an annulment of any corresponding declaration with respect to this Note.

The payment obligations of this Note are non-recourse to the Borrower to the extent set forth in Section 5.11 of the Financing Agreement.

[Remainder of page intentionally left blank]

**IN WITNESS WHEREOF**, the Borrower has caused this Note to be executed in its name as of the date first above written.

**EASTERN PARK APARTMENTS, L.P.,**  
a California limited partnership

By: Sequoia Living EPA LLC,  
a California limited liability company,  
its general partner

By: Sequoia Living, Inc.,  
a California nonprofit public benefit corporation,  
its sole member/manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**PAY TO THE ORDER OF:**

**[TRUSTEE], A NATIONAL BANKING  
ASSOCIATION, AS TRUSTEE UNDER THAT  
CERTAIN  
INDENTURE OF TRUST DATED AS OF  
DECEMBER 1, 2019**

**WITHOUT RECOURSE**

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

**EXHIBIT C**

[FORM OF LEASE AGREEMENT]

## EXHIBIT D

### CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS

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

Section 1. Nondiscrimination: Penalties.

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

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

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

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

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

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

means possessing, furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol.

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

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

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

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

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

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

Section 11. Nondisclosure of Private, Proprietary or Confidential Information. If this Financing Agreement requires the City to disclose "Private Information" to the Borrower within the

meaning of San Francisco Administrative Code Chapter 12M, the Borrower shall use such information consistent with the restrictions stated in Chapter 12M and in this Financing Agreement and only as necessary in performing the services provided under the Financing Agreement. The Borrower is subject to the enforcement and penalty provisions in Chapter 12M.

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

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

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

Section 13. Reserved.

Section 14. Submitting False Claims; Monetary Penalties. The full text of San Francisco Administrative Code §§ 21.35, including the enforcement and penalty provisions, is incorporated into this Financing Agreement. Under San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

Section 15. Conflict of Interest. By entering into the Financing Agreement, the Borrower certifies that it does not know of any fact which constitutes a violation of Section 15.103 of the City's Charter; Article III, Chapter 2 of City's Campaign and Governmental Conduct Code; Title 9, Chapter 7 of the California Government Code (Section 87100 et seq.), or Title 1, Division 4, Chapter 1, Article 4 of the

California Government Code (Section 1090 et seq.), and further agrees promptly to notify the City if it becomes aware of any such fact during the term of this Financing Agreement.

Section 16. Assignment. The services provided under the Financing Agreement to be performed by the Borrower are personal in character and neither this Financing Agreement nor any duties or obligations may be assigned or delegated by the Borrower unless first approved by the City by written instrument executed and approved in the same manner as this Financing Agreement. Any purported assignment made in violation of this provision shall be null and void.

Section 17. Food Service Waste Reduction Requirements. The Borrower shall comply with the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including but not limited to the provided remedies for noncompliance.

Section 18. Cooperative Drafting. This Financing Agreement has been drafted through a cooperative effort of the City and the Borrower, and all parties have had an opportunity to have the Financing Agreement reviewed and revised by legal counsel. No party shall be considered the drafter of this Financing Agreement, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Financing Agreement.

Section 19. Laws Incorporated by Reference. The full text of the laws listed in this Appendix, including enforcement and penalty provisions, are incorporated into this Financing Agreement by reference. The full text of the San Francisco Municipal Code provisions incorporated by reference in this Appendix are available at [www.sfgov.org](http://www.sfgov.org) under "Open Gov."

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

Section 21. First Source Hiring Program. The Borrower must comply with all of the provisions of the First Source Hiring Program, Chapter 83 of the San Francisco Administrative Code, that apply to this Financing Agreement, and the Borrower is subject to the enforcement and penalty provisions in Chapter 83.

Section 22. Prevailing Wages. Borrower understands and agrees that all provisions of section 1770, et seq., of the California Labor Code are required to be incorporated into every contract for any public work or improvement and are hereby incorporated into this Financing Agreement. Borrower also understands and agrees that all provisions of sections 6.22E and 6.22F of the San Francisco Administrative Code are hereby incorporated into this Financing Agreement. Borrower also understands and agrees that all applicable provisions of the Davis-Bacon Act (40 U.S.C. §§3141 et seq.) are hereby incorporated into this Financing Agreement.



**BOND PURCHASE AGREEMENT**

**\$60,006,000**  
City and County of San Francisco, California  
Multifamily Tax-Exempt Mortgage-Backed Bonds  
(M.TEBS) (Eastern Park Apartments),  
Series 2019J

**\$24,834,000**  
City and County of San Francisco, California  
Multifamily Housing Revenue Bonds  
(Eastern Park Apartments),  
Series 2019K

\_\_\_\_\_, 2019

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

Eastern Park Apartments, L.P.  
c/o Sequoia Living  
1525 Post Street  
San Francisco, California 94109-6567  
Attention: President and CEO

Ladies and Gentlemen:

RBC Capital Markets, LLC (the "Underwriter") hereby offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with Eastern Park Apartments, L.P., a California limited partnership (the "Borrower"), and the City and County of San Francisco (the "Issuer"), a municipal corporation organized and validly existing under the laws of the State of California (the "State"), whereby the Underwriter will purchase and the Issuer will sell its \$60,006,000 Multifamily Tax-Exempt Mortgage-Backed Bonds (M.TEBS) (Eastern Park Apartments), Series 2019J (the "Series J Bonds") and its \$24,834,000 Multifamily Housing Revenue Bonds (Eastern Park Apartments), Series 2019K (the "Series K Bonds") and together with the Series J Bonds, the "Bonds") for the benefit of the Borrower. The Underwriter is making this offer subject to your acceptance at or before [2:00] P.M., Pacific Time, on the date hereof. If the Borrower and the Issuer accept this Purchase Agreement, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall bind the Borrower, the Issuer and the Underwriter. The Underwriter may withdraw this Purchase Agreement upon written notice delivered by the Underwriter to the Borrower and the Issuer at any time before the Borrower and the Issuer accept this Purchase Agreement. If the Underwriter withdraws this offer, or the Underwriter's obligation to purchase the Bonds is otherwise terminated by the Underwriter pursuant to Section 8 hereof,

then and in such case, the Issuer shall be without any further obligation to the Underwriter, including the payment of any expenses or costs, and the Issuer shall be free to sell the Bonds to any other party. Capitalized terms used but not defined in this Purchase Agreement are defined in the Indenture (as defined below).

1. Purchase and Sale. On the Closing Date (as defined herein), upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriter, the full aggregate principal amount of the Bonds for a purchase price of 100% of the aggregate principal amount of the Bonds. The aggregate principal amount of the Bonds is \$84,840,000. The Borrower agrees to pay to the Underwriter, as compensation for its services, an underwriting fee equal to \$ \_\_\_\_\_ (the “Underwriting Fee”), from which the Underwriter will pay certain fees and expenses. The Underwriting Fee shall be due and payable in immediately available funds on the Closing Date, solely and exclusively from funds provided by the Borrower.

The Issuer will deliver the Bonds to or for the account of the Underwriter against payment of the purchase price therefor by wire transfer of immediately available funds to the Trustee at or prior to [8:30] A.M., Pacific Time, on the Closing Date as set forth in Section 6 hereof, or at such other time not later than seven days thereafter as the Underwriter, the Borrower and the Issuer shall mutually agree. One Series J Bond and one Series K Bond will be delivered to the Trustee, registered in the name of Cede & Co. as agent for The Depository Trust Company on or prior to the Closing Date. The Bonds may be in printed, engraved, typewritten or photocopied form, and each such form shall constitute a “definitive” form.

The Borrower and the Issuer each acknowledges and agrees that: (i) the primary role of the Underwriter, as an underwriter, is to purchase securities, for resale to investors, in an arm’s length commercial transaction among the Issuer, the Borrower and the Underwriter, and the Underwriter has financial and other interests that differ from those of the Issuer and the Borrower; (ii) the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer or the Borrower and has not assumed any advisory or fiduciary responsibility to the Issuer or the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the Issuer or the Borrower on other matters); (iii) the only contractual obligations the Underwriter has to the Borrower and the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement; and (iv) the Borrower and the Issuer have consulted their respective financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent each has deemed appropriate. Nothing in the foregoing paragraph is intended to limit the Underwriter’s obligations of fair dealing under MSRB Rule G-17.

2. Description and Purpose of the Bonds. The Bonds have been authorized pursuant to (i) 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, each as amended (collectively, the “Act”), (ii) a resolution, adopted by the Board of Supervisors of the Issuer on \_\_\_\_\_, 2019, and approved by the Mayor of the City of San Francisco on \_\_\_\_\_, 2019 (the “Resolution”), and (iii)

the Indenture of Trust, dated as of December 1, 2019 (the “Indenture”), by and between the Issuer and \_\_\_\_\_, as trustee (the “Trustee”). The Bonds shall be dated \_\_\_\_\_, 2019.

The proceeds of the sale of the Bonds will be used to finance a portion of the cost of acquiring, rehabilitating and equipping a multifamily residential rental housing project by the name of Eastern Park Apartments, consisting of approximately 202-units to be located at 711 Eddy Street in San Francisco, California (the “Project”). Of the total 202-units, 41-units will be Very Low Income Units (as defined in the Regulatory Agreement (as hereinafter defined)), 160-units will be Low Income Units (as defined in the Regulatory Agreement) and 1 unit will be reserved for an onsite property manager.

The Bonds will be issued and fully funded on the Closing Date, with stated principal amounts as shown in the bond caption on the first page hereof. The Bonds will be secured under the provisions of the Act, the Indenture and the Financing Agreement, dated as of December 1, 2019 (the “Financing Agreement”), among the Borrower, the Trustee, and the Issuer. The Bonds shall mature in the years, bear interest, be purchased at the prices and be subject to optional and mandatory redemption at the times and in the amounts, all as set forth in the Indenture. In connection with the remarketing of the Series 2019K Bonds on a mandatory tender date, if the conditions for remarketing of such bonds have been satisfied in accordance with the Indenture, the Borrower will enter into a Remarketing Agreement, dated as of December 1, 2019 (the “Remarketing Agreement”) with RBC Capital Markets, LLC, as remarketing agent for the Series 2019K Bonds.

The authorized denomination, interest and principal payment dates and other details and particulars of the Bonds shall be as described in the Indenture and the Official Statement. The Bonds of each subseries shall initially bear interest at the interest rate, mature on the dates and have such other terms as described in the Official Statement (as defined herein). The payment obligations of the Borrower under the Financing Agreement will be secured by the funds and accounts described in the Indenture.

The Project is required to be operated in compliance with a Regulatory Agreement and Declaration of Restrictive Covenants, dated as of December 1, 2019 (the “Regulatory Agreement”), between the Issuer and the Borrower. The Regulatory Agreement contains certain representations, warranties and covenants concerning the operation of the Project.

3. Delivery of Documents.

(a) The Issuer and the Borrower have delivered or caused to be delivered to the Underwriter copies of the Preliminary Official Statement dated \_\_\_, 2019, which, together with the cover page and all appendices thereto, is herein referred to as the “Preliminary Official Statement,” and the Official Statement dated \_\_\_\_\_, 2019, which, together with the cover page and appendices thereto, is herein referred to as the “Official Statement.” It is acknowledged by the Issuer and the Borrower that the Underwriter may deliver the Preliminary Official Statement and the Official Statement electronically over the internet and in printed paper form. For purposes of this Purchase Agreement, the printed paper form of the Preliminary Official Statement and the Official Statement, if any, is deemed controlling. Pursuant to the form of certificate attached hereto as **Exhibit A**, the Borrower deems the Preliminary Official Statement final as of its date and as of

the date hereof for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), except for any information which is permitted to be omitted therefrom in accordance with paragraph (b)(1) thereof.

(b) An authorized officer of the Borrower shall execute the Official Statement. The Issuer and the Borrower hereby agree to deliver to the Underwriter an electronic copy of the Preliminary Official Statement and the Official Statement in a form that permits the Underwriter to satisfy its obligations under the rules and regulations of the Municipal Securities Rulemaking Board (“MSRB”) and the U.S. Securities and Exchange Commission (“SEC”). The Issuer and the Borrower hereby ratify, confirm and approve the use and distribution by the Underwriter and hereby authorize the Underwriter to use the Preliminary Official Statement, the Official Statement and the Indenture in connection with the public offering and sale of the Bonds.

(c) The Borrower will supply sufficient quantities of the Official Statement to enable the Underwriter (i) to send a single copy of the Official Statement with any confirmation that requests payment for a Bond, and in any event within seven business days after the date hereof, and to any potential customer upon request until the earlier of (A) 90 days after the End of the Underwriting Period (as defined below) or (B) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than 25 days following the End of the Underwriting Period, and (ii) to comply with any applicable rules of the MSRB. The Underwriter agrees to promptly file the Official Statement with a nationally recognized municipal securities information repository. The “End of the Underwriting Period” means the later of the delivery of the Bonds by the Issuer to the Underwriter or when the Underwriter no longer retains (directly or as a syndicate member) an unsold balance of the Bonds for sale to the public, provided that the “End of the Underwriting Period” will be deemed to be the Closing Date unless the Underwriter otherwise notifies the Issuer and the Borrower in writing prior to such date that there is an unsold balance of the Bonds.

(d) In order to assist the Underwriter in complying with Rule 15c2-12, the Borrower will undertake, pursuant to the Continuing Disclosure Agreement, dated as of December 1, 2019 (the “Disclosure Agreement”), between the Borrower and \_\_\_\_\_, as dissemination agent (the “Dissemination Agent”), to provide annual financial information and notices of the occurrence of specified events. A description of the Disclosure Agreement is set forth in, and a form of such agreement is attached as an appendix to, the Official Statement.

(e) The Underwriter represents that all information contained in the Preliminary Official Statement and the Official Statement under the caption “UNDERWRITING” (to the extent such information is provided by the Underwriter) is true and correct in all material respects.

4. Issuer Representations. The Issuer, subject to the limitations provided herein, represents, warrants to, and covenants and agrees with, the Underwriter and the Borrower that:

(a) The Issuer is duly organized and existing under the laws of the State of California, with full legal right, power and authority to issue, sell and deliver the Bonds to the Underwriter pursuant to the Indenture, and execute, deliver and perform its obligations, as the case may be, under this Purchase Agreement, the Indenture, the Bonds, the Financing Agreement, the

Tax Certificate and the Regulatory Agreement (collectively, the “Issuer Documents”) and to perform and consummate all of its obligations and transactions required or described in each of the Issuer Documents.

(b) The Resolution approving and authorizing the execution and delivery by the Issuer of the Issuer Documents was duly adopted at a meeting of the Board of Supervisors of the Issuer called and held pursuant to law and with the public notice required by law and at which a quorum was present and acting throughout, was duly approved by the Mayor, and is in full force and effect and has not been amended or repealed.

(c) By official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has approved the distribution of the Preliminary Official Statement and the distribution of the Official Statement, and authorized and approved the execution and delivery of the Issuer Documents and the consummation by the Issuer of the transactions on its part contemplated thereby.

(d) The Bonds, when duly issued and authenticated in accordance with the Indenture and delivered to and paid for by the Underwriter as provided herein, assuming proper authentication by the Trustee, will be validly issued and outstanding obligations of the Issuer, entitled to the benefits of the Indenture and payable from the sources specified therein.

(e) The Issuer has executed and delivered, or will execute and deliver on or before the Closing Date, each of the Issuer Documents. Each of the Issuer Documents constitutes, or will, as of the Closing Date, constitute, a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, or other laws affecting creditors’ rights generally and by the application of equitable principles as the court having jurisdiction may impose, regardless of whether such proceeding is considered in a proceeding in equity or law, and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in California.

(f) Except as described in the Preliminary Official Statement and the Official Statement, to the best knowledge of the Issuer, (i), the Issuer is not in breach of or in default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either, or of any other governmental agency, or any Material Judgment or Agreement (as defined below), which breach or default would have a material adverse effect on the Issuer’s ability to perform its obligations under the Issuer Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a breach of or a default or an event of default under any such instrument which breach or default would have a material adverse effect on the Issuer’s ability to perform its obligations under the Issuer Documents; provided that no representation is made regarding compliance with any federal or state securities or “blue sky” laws; and (ii) the issuance, delivery and sale of the Bonds and the execution and delivery of the Issuer Documents and compliance with and performance of the Issuer’s obligations therein and herein will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default under, any law, administrative regulation or any Material Judgment or Agreement, which breach or default would have a material adverse effect on the Issuer’s ability to perform its obligations under the Issuer

Documents. As used herein, the term “Material Judgment or Agreement” means any judgment or decree or any loan agreement, indenture, bond, note or resolution or any material agreement or other instrument to which the Issuer is a party or to which the Issuer or any of its property or assets is otherwise subject (including, without limitation, the Act, the Resolution and the Issuer Documents).

(g) All approvals, consents, orders, authorizations, filings or registrations of or with any governmental authority, board, agency, council, commission or other body having jurisdiction, on its part required, which would constitute a condition precedent to the execution and delivery by the Issuer of the Issuer Documents or issuance of the Bonds, or the performance by the Issuer of its obligations hereunder and under the Issuer Documents have been obtained, or will be obtained on or by the Closing Date (except for the filing of the IRS Form 8038 or the CDLAC Report of Action Taken, both of which will be filed after closing); provided, that the Issuer makes no representations as to any approvals, consents or other actions which may be necessary to qualify the Bonds for offer and sale under Blue Sky or other state securities laws or regulations.

(h) Any certificates executed by any officer of the Issuer and delivered to the Underwriter pursuant hereto or in connection herewith shall be deemed a representation and warranty of the Issuer as to the accuracy of the statements therein made.

(i) The information under the captions “THE ISSUER” and “NO LITIGATION - The Issuer” in the Preliminary Official Statement, as of the date thereof did not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) Both at the time of acceptance hereof by the Issuer and at the Closing Date, the statements and information contained in the Official Statement under the captions “THE ISSUER” and “NO LITIGATION - The Issuer” do not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) Except as described in the Preliminary Official Statement and the Official Statement, no litigation, proceeding or official investigation of any governmental or judicial body is pending against the Issuer, with service of process having been accomplished, or, to the knowledge of the Issuer, after due inquiry, threatened against the Issuer by a prospective party or their counsel in a writing addressed to and properly served on the Issuer: (i) seeking to restrain or enjoin the issuance, sale or delivery of any of the Bonds, or in any way contesting or affecting any proceedings of the Issuer taken concerning the sale thereof, or the pledge, collection, application or payment of any moneys or security provided for the payment of principal and interest on the Bonds; (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity or binding effect of any of the Issuer Documents, (iii) which is in any way contesting the creation, existence, powers or jurisdiction of the Issuer or the entitlement of any officers of the Issuer to their respective offices or the validity or effect of the Indenture or the Act or any provision thereof or the application of the proceeds of the Bonds, (iv) challenges the completeness or accuracy of the information in the Preliminary Official Statement or the Official Statement, or

(v) which, if adversely determined, could materially adversely affect (A) the Project or any of the Issuer Documents, (B) the validity or enforceability of the Bonds, the Resolution or the Issuer Documents, (C) the exclusion from gross income for federal income tax purposes of the interest on the Bonds or (D) the use of the proceeds of the Bonds to make the Bond Loans (as defined in the Indenture).

(l) The Issuer will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter, at the expense of the Borrower, as the Underwriter may reasonably request in endeavoring (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the Issuer be required to qualify as a foreign corporation or other entity in any other state or to take any action which would subject it to general or unlimited service of process in any jurisdiction in which it is not now so subject.

(m) If, until the earlier of (A) 90 days after the End of the Underwriting Period or (B) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than 25 days following the End of the Underwriting Period, (i) an event occurs, of which the Issuer has knowledge, which might or would cause the information contained in the Official Statement under the captions "THE ISSUER" or "NO LITIGATION - The Issuer" (insofar as the information under such captions pertains to the Issuer) as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or, (ii) if the Issuer is notified by the Borrower or otherwise requested to amend, supplement or otherwise change the Official Statement, the Issuer will notify the Underwriter and the Borrower, and if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer will cooperate with the Borrower and the Underwriter to amend or supplement the Official Statement in a form and in a manner approved by the Underwriter and counsel to the Issuer, provided that all expenses thereby incurred will be paid by the Borrower.

(n) Until the earlier of (A) 90 days after the End of the Underwriting Period or (B) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than 25 days following the End of the Underwriting Period, (a) the Issuer will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Borrower or the Underwriter shall reasonably object in writing or which shall be disapproved by any of their respective counsel and (b) if any event relating to or affecting the Issuer shall occur as a result of which it is necessary, in the opinion of counsel for the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the Issuer will cooperate with the Borrower and the Underwriter to prepare and furnish to the Underwriter and the Borrower (at the expense of the Borrower) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriter and counsel for the Issuer) which will amend or supplement the Official Statement so that it will not contain

an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

The execution and delivery of this Purchase Agreement by the Issuer shall constitute a representation by the Issuer to the Underwriter that the representations and agreements contained in this Section 4 are true as of the date hereof; provided that as to information furnished by the Borrower pursuant to this Purchase Agreement and the Borrower Documents (defined below) or otherwise and in the Preliminary Official Statement and the Official Statement, the Issuer is relying on such information in making the Issuer's representations, warranties and agreements. No officer, agent or employee or member of the governing body of the Issuer shall be individually liable for the breach of any representation, warranty or agreement contained herein.

5. Borrower Representations. In order to induce the Issuer and the Underwriter to enter into this Purchase Agreement, the Borrower represents, warrants to and covenants and agrees with the Issuer and Underwriter that:

(a) Eastern Park Apartments, L.P. is duly organized and validly existing as a limited partnership under the laws of the State of California, is in good standing and duly qualified and authorized to conduct business in the State.

(b) The Borrower has full legal right, power and authority to execute, deliver and perform its obligations, as the case may be, under this Purchase Agreement, the Financing Agreement, the Tax Certificate, the Remarketing Agreement, the Continuing Disclosure Agreement, the Bond Loan Notes (as defined in the Indenture), the Regulatory Agreement, and any other applicable agreements to which the Borrower is a party (collectively, the "Borrower Documents") and together with the Issuer Documents, the "Legal Documents") and to perform and consummate all obligations and transactions required or described in each of the Borrower Documents and the Preliminary Official Statement and the Official Statement.

(c) By all necessary action, the Borrower has duly authorized and adopted the Borrower Documents and approved the execution and delivery of the Borrower Documents, and the performance by the Borrower of the obligations in connection with the issuance of the Bonds on its part contained in the Borrower Documents and the consummation by it of all other transactions contemplated by the Indenture, the Preliminary Official Statement, the Official Statement and the Borrower Documents in connection with the issuance of the Bonds. The Financing Agreement and the Bond Loan Notes when assigned to the Trustee pursuant to the Indenture, will, to the extent of such assignment, constitute the legal, valid and binding agreement of the Borrower with the Trustee enforceable against the Borrower in accordance with their terms for the benefit of the Bondowners, and the Borrower Documents, to the extent that any rights of the Issuer and obligations of the Borrower thereunder are not so assigned to the Trustee, will constitute the legal, valid and binding agreements of the Borrower enforceable against the Borrower in accordance with their respective terms, except as enforcement of each of the above-named documents may be limited by bankruptcy, insolvency, moratorium and other laws affecting the enforcement of creditors' rights generally and by the application of such equitable principles as the court having jurisdiction may impose, regardless of whether such enforceability is



considered in a proceeding in equity or at law and except as the indemnification provisions contained in any of the above-named documents may be found to be contrary to public policy.

(d) The Borrower has executed and delivered, or will execute and deliver on or before the Closing Date, each of the Borrower Documents. Each of the Borrower Documents constitutes, or will, as of the Closing Date, constitute, a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, or other laws affecting creditors' rights generally and by the application of equitable principles as a court having jurisdiction may impose, regardless of whether such proceeding is considered a proceeding in equity or law. No consent or approval of any trustee or holder of any indebtedness of the Borrower, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except in connection with Blue Sky proceedings as to which no representation is made), is necessary in connection with the approval and delivery of this Purchase Agreement.

(e) Except as described in the Preliminary Official Statement and the Official Statement, (i) the Borrower is not in any material respect in breach of or in default under any constitutional provision, law, order, rule or administrative regulation of the State or of the United States or any agency or instrumentality of either, or of any other governmental agency, or any Material Judgment or Agreement (as defined below), which breach or default would have a materially adverse effect on the Borrower's ability to perform its obligations under any Material Judgment or Agreement, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute, a default or event of default under any such instrument which breach or default would have a material adverse effect on the Borrower's ability to perform its obligations under any Material Judgment or Agreement; and (ii) the issuance, delivery and sale of the Bonds, and the execution and delivery of the Borrower Documents and compliance with and performance of the Borrower's obligations therein and herein will not conflict with, violate or result in a breach of or constitute on the part of Borrower a default under, any such constitutional provision, law, order, rule, administrative regulation or any Material Judgment or Agreement which breach or default would have a material adverse effect on the Borrower's ability to perform its obligations under any Material Judgment or Agreement, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower or under the terms of any such law, order, rule, administrative regulation or Material Judgment or Agreement. As used in this Section 5(e), the term "Material Judgment or Agreement" means any material judgment or decree or any loan agreement, indenture, bond, note or resolution or any material agreement or other instrument to which the Borrower is a party or to which the Borrower or any of its property or assets is otherwise subject (including, without limitation, the Borrower Documents).

(f) All approvals, consents, authorizations and orders of any governmental authority, board, agency, council, commission or other body having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the execution and delivery by the Borrower of the Borrower Documents or the performance by the Borrower of its obligations thereunder have been obtained and are in full force and effect, or will be obtained and be in full force and effect prior to or by the Closing Date (except for certain

building permits, some of which may be obtained post-Closing); provided, that the Borrower makes no representations as to any approvals, consents or other actions which may be necessary to qualify the Bonds for offer and sale under Blue Sky or other state securities laws or regulations. Additionally, the Borrower has obtained the necessary governmental agency approvals, all variances from applicable zoning ordinances and all building permits (except for certain building permits, some of which may be obtained post-Closing) and easements or licenses required to date for the acquisition, construction, improvement, installation and equipping of the Project, to the extent such governmental agency approvals, variances, permits, easements and licenses constitute all approvals required by the date hereof to acquire, construct, improve, install and equip the Project.

(g) Any certificates executed by any authorized representative of the Borrower and delivered to the Underwriter or the Issuer pursuant hereto or in connection herewith shall be deemed a representation and warranty of the Borrower when made as to the accuracy of the statements therein made. Additionally, all information provided by the Borrower and all representations made by the Borrower in its application to Issuer and the California Debt Limit Allocation Committee relating to the Project are true and correct in all material respects.

(h) Between the date hereof and the Closing Date, the Borrower shall not, without the prior written consent of the Underwriter and the Issuer, offer or issue in any material amount any bonds, other than the Bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, except in the course of normal business operations of the Borrower or except for such borrowings as may be described in the Preliminary Official Statement and the Official Statement.

(i) The Borrower has all necessary power and authority to conduct the business now being conducted by it and as contemplated by the Borrower Documents.

(j) The information in the Preliminary Official Statement and the Official Statement, as of their respective dates and as of the date hereof (except the information under the captions "THE ISSUER," "UNDERWRITING," "MUNICIPAL ADVISOR," and "NO LITIGATION - The Issuer") did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) The information in the Preliminary Official Statement and the Official Statement (except the information under the captions "THE ISSUER," "UNDERWRITING," "MUNICIPAL ADVISOR," "NO LITIGATION - The Issuer") at all times after the respective dates of the Preliminary Official Statement and the Official Statement up to and including the Closing Date will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(l) If the Preliminary Official Statement or the Official Statement is supplemented or amended, at the time of each supplement or amendment and (unless subsequently again supplemented or amended) at all times subsequent thereto up to and including the Closing Date, the information in the Preliminary Official Statement or the Official Statement (except the

information under the captions “THE ISSUER,” “UNDERWRITING,” “MUNICIPAL ADVISOR,” and “NO LITIGATION - The Issuer”) as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(m) If between the date hereof and the Closing Date, any event shall occur, which is actually known to Borrower, or should have been known by the Borrower with the exercise of due diligence, and would cause the Preliminary Official Statement or the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Borrower shall notify the Underwriter and the Issuer thereof, and if, in the opinion of the Underwriter or the Issuer, such event requires the preparation and publication of a supplement or amendment to the Preliminary Official Statement or the Official Statement, the Borrower shall promptly (and in any event before the Closing Date) prepare and furnish (at the expense of the Borrower) a reasonable number of copies of an amendment of or supplement to the Preliminary Official Statement or the Official Statement in form and substance satisfactory to the Underwriter and the Issuer in accordance with Section 10 hereof.

(n) Until the earlier of (A) 90 days after the End of the Underwriting Period or (B) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than 25 days following the End of the Underwriting Period, (a) the Borrower will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Issuer or the Underwriter shall reasonably object in writing or which shall be disapproved by any of their respective counsel and (b) if any event related to or affecting the Issuer or the Borrower or the Project shall occur as a result of which it is necessary, in the opinion of counsel for the Underwriter or the Issuer, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the Borrower shall forthwith prepare and furnish to the Underwriter and the Issuer (at the expense of the Borrower) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance reasonably satisfactory to counsel for the Underwriter and counsel to the Issuer) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. For the purposes of this subsection, the Borrower will furnish such information with respect to itself and the Project as Underwriter and Issuer may from time to time reasonably request.

(o) Except as described in the Preliminary Official Statement and the Official Statement, no action, suit, inquiry, litigation, proceeding or investigation of any governmental or judicial body is pending (and, in the case of litigation, for which it has been served with process) against the Borrower or, to the knowledge of the Borrower, after due and diligent inquiry, threatened, in writing, against the Borrower (i) seeking to restrain or enjoin the issuance, sale or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, (ii) in any way contesting or affecting any

authority for the issuance of the Bonds or the validity or binding effect of any of the Borrower Documents, or the execution and delivery or adoption by the Borrower thereof, or the completeness or accuracy of the Preliminary Official Statement and the Official Statement or the consummation of the transactions contemplated thereby or hereby, (iii) which is in any way contesting the creation, existence, authority, powers or jurisdiction of the Borrower, or the authority of its authorized signatories executing this Purchase Agreement or the validity, enforceability or effect of the Indenture or the Act or any provision thereof or the application of the proceeds of the Bonds, or the exclusion from gross income for federal income tax purposes of the Bonds, or (iv) which, if adversely determined, could materially adversely affect the financial condition, assets, properties, or operations of the Borrower or the transactions described in the Preliminary Official Statement and the Official Statement or any of the Borrower Documents; nor, to the Borrower's knowledge, after due and diligent inquiry, is there any basis for any such action, suit, inquiry, litigation, proceeding or investigation. The Borrower shall advise the Underwriter and the Issuer promptly of the institution of any proceedings known to it by any governmental agency prohibiting or otherwise affecting the use of the Preliminary Official Statement and the Official Statement in connection with the offering, sale or distribution of the Bonds.

(p) No representation made, nor any information, exhibit or report furnished to the Issuer by the Borrower in connection with the negotiation of this Purchase Agreement or any of the other Borrower Documents contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. There is no fact known to the Borrower, or that would have been known to the Borrower after the exercise of due diligence, that the Borrower has not disclosed to the Issuer that materially and adversely affects the properties, business, assets or operations (financial or otherwise) of the Borrower or the ability of the Borrower to perform its obligations under this Purchase Agreement, any of the other Borrower Documents, or any documents or transactions contemplated hereby or thereby.

(q) During the last five years, the Borrower has not failed to materially comply with any previous undertaking relating to continuing disclosure of information pursuant to Rule 15c2-12.

(r) The Borrower will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use commercially reasonable efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided, however, that the Borrower shall not be required to register as a dealer or broker of securities or execute a general or special consent to service of process or qualify to do business in any jurisdiction where it is not now so subject.

(s) The Borrower will refrain from taking any action, or voluntarily permitting any action within its control to be taken, except as otherwise required by law, which will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(t) The Borrower shall honor all other covenants contained in the Borrower Documents.

(u) The Borrower will not voluntarily undertake any course of action inconsistent with the satisfaction of the requirements applicable to it as set forth in this Purchase Agreement or the Borrower Documents.

(v) All representations, warranties and agreements of the Borrower herein shall remain operative and in full force and effect, regardless of any investigations made by the Underwriter or the Issuer or on the Underwriter's or the Issuer's behalf, and shall survive the Closing Date and the delivery of the Bonds.

The execution and delivery of this Purchase Agreement by the Borrower shall constitute a representation to the Underwriter and the Issuer that the representations and warranties contained in this section are true and correct in all material respects as of the date hereof and as of the Closing Date.

6. Closing. At [8:30] A.M., Pacific Time, on \_\_\_\_\_, 2019, or at such other time or date as the Underwriter, the Borrower and the Issuer may mutually agree upon as the date and time of the closing (the "Closing Date"), the Issuer will deliver or cause to be delivered to the Underwriter, at the offices of Norton Rose Fulbright (US) LLP, 555 California Street, Suite 3000 San Francisco, California 94104 (together with Curls Bartling P.C., "Co-Bond Counsel"), or at such other place as the Underwriter and the Issuer may mutually agree upon, the Bonds, through the facilities of The Depository Trust Company, New York, New York ("DTC"), duly executed and authenticated, and the other documents specified in Section 7. On the Closing Date, (a) upon satisfaction of the conditions herein specified, the Underwriter shall accept the delivery of the Bonds, and pay the purchase price therefor in federal funds payable to the order of the Trustee for the account of the Issuer and (b) the Issuer shall deliver or cause to be delivered the Bonds to the Underwriter through the facilities of DTC in definitive or temporary form, duly executed by the Issuer and in the Authorized Denomination as specified by the Underwriter on the Closing Date and the Borrower and the Issuer shall deliver the other documents hereinafter mentioned. The Bonds shall be made available to the Underwriter at least one (1) business day before the Closing Date for purposes of inspection.

7. Conditions Precedent. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and agreements of the Borrower and the Issuer contained herein and the performance by the Borrower and the Issuer of their respective obligations hereunder, both as of the date hereof and as of the Closing Date.

(a) The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(i) The representations of the Issuer contained herein shall be true, complete and correct in all material respects on the date of acceptance hereof and on and as of the Closing Date.

(ii) The representations of the Borrower contained herein shall be true, complete and correct in all material respects on the date of acceptance hereof and on and as of the Closing Date.

(iii) The Official Statement (as the same may be amended or supplemented with the written approval of the Underwriter) shall not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(iv) On the Closing Date, the Official Statement, the Resolution, the Borrower Documents and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter.

(v) The Issuer shall perform or have performed all of its obligations required under or specified in the Resolution, the Issuer Documents, and the Official Statement to be performed at or prior to the Closing Date.

(vi) The Borrower shall perform or have performed all of its obligations required under or specified in the Borrower Documents and the Official Statement to be performed at or prior to the Closing Date.

(vii) The Borrower shall have delivered to the Underwriter the final Official Statement by the time required by Section 3 of this Purchase Agreement.

(viii) As of the date hereof and as of the Closing Date, all necessary official action of the Issuer relating to the Issuer Documents and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect.

(ix) As of the date hereof and as of the Closing Date, all necessary official action of the Borrower relating to the Borrower Documents and the Official Statement shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect.

(x) As of the Closing Date, no material adverse change shall have occurred, nor shall any development involving a prospective material and adverse change in, or affecting the affairs, business, financial condition, results of operations, prospects or properties (including the Project) of, any of the Issuer, the Bank, or the Borrower have occurred between the date hereof and the Closing Date.

(xi) At or prior to the Closing Date, the Underwriter shall receive the following documents (in each case with only such changes as the Underwriter shall approve):

(1) The approving opinion(s) of Co-Bond Counsel relating to the Bonds, dated the Closing Date, substantially in the form attached as Appendix D to the Official Statement, and reliance letters with respect thereto addressed to the Underwriter and the Bank;

(2) The supplemental opinion of Co-Bond Counsel, addressed to the Underwriter, dated the Closing Date, to the effect that:

(A) This Purchase Agreement has been duly executed and delivered by the Issuer and is a legal, valid and binding obligation of the Issuer, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally, to the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State;

(B) The statements contained in the Preliminary Official Statement and the Official Statement as of their respective dates and as of the Closing Date in the captions entitled "INTRODUCTION", "DESCRIPTION OF THE BONDS" (other than the information concerning DTC and the book-entry system), "SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS," "TAX MATTERS," "APPENDIX B – DEFINITIONS OF CERTAIN TERMS," "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE," "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE FINANCING AGREEMENT" and "APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT" insofar as such statements expressly summarize certain provisions of the Indenture, the Bonds, the Financing Agreement, the Regulatory Agreement, and the form and content of such counsel's opinion attached as APPENDIX H to the Official Statement, are accurate in all material respects;

(C) The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended (the "1933 Act") and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act");

(3) A letter, dated the Closing Date and addressed to the Issuer and the Underwriter, from Hawkins Delafield & Wood LLP, San Francisco, California, Disclosure Counsel, to the effect that:

Based upon the information made available to them in the course of their participation in the preparation of the Preliminary Official Statement and the Official Statement and without passing on and without assuming any responsibility for the accuracy, completeness and fairness of the statements in the Preliminary Official Statement and the Official Statement, and having made no independent investigation or verification thereof, nothing has come to the attention of the attorneys in the firm rendering legal services in connection with the Bonds which would lead them to believe that the Preliminary Official Statement, as of its date, and the Official

Statement, as of its date and as of the Closing Date (excluding therefrom any information in the Preliminary Official Statement and the Official Statement relating to DTC, the operation of the book-entry system, information regarding financial or statistical data or projections or estimates or expressions of opinion included in the Preliminary Official Statement and the Official Statement and the appendices thereto, as to which no opinion need be expressed) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(4) The opinion of the Office of the City Attorney, counsel to the Issuer, dated the Closing Date and addressed to the Issuer, in substantially the form attached hereto as **Exhibit B**.

(5) The opinion of Gubb & Barshay LLP counsel to the Borrower, San Francisco, California, [and counsel to the Borrower's managing general partner], dated the Closing Date and addressed to the Issuer and the Underwriter, to the effect that:

- (A) The Borrower is a limited partnership duly organized and validly existing under the laws of the State of California, is in good standing and duly qualified and authorized to conduct business in the State;
- (B) The Borrower's managing general partner is a limited liability company duly organized and validly existing under the laws of the State, is in good standing and duly qualified and authorized to conduct business in the State, and has duly executed and delivered the Borrower Documents on behalf of the Borrower in its capacity of managing general partner of the Borrower;
- (C) The Borrower has full legal right, power and authority (a) to own its properties and conduct its business as described in the Preliminary Official Statement and the Official Statement and (b) to enter into and to carry out and consummate the transactions contemplated by the Borrower Documents.
- (D) The Borrower has taken all necessary legal action to authorize the execution and delivery of the Borrower Documents, and the undertaking of its obligations thereunder, and the taking of all actions as may be required on the part of the Borrower to carry out the same; and the making and performance of each such agreement will not conflict with, constitute a breach of or a default under, or violate any provision of the organizational documents of the Borrower or any indenture, agreement or other instrument to which the Borrower is a party or by which the Borrower or any of its



properties may be bound, or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental body to which the Borrower or any of its properties are subject;

- (E) The Borrower Documents have been duly executed and delivered by the Borrower, are in full force and effect and constitute the legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms, except as enforcement may be limited by equitable principles, or by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, or other laws affecting creditors' rights generally and by the application of equitable principles as a court having jurisdiction may impose, regardless of whether such proceeding is considered a proceeding in equity or law;
- (F) Except as described in the Preliminary Official Statement and the Official Statement, no action, suit, inquiry, litigation, proceeding or investigation of any governmental or judicial body is pending against the Borrower or, to the knowledge of the Borrower, after due and diligent inquiry, threatened against the Borrower, (i) seeking to restrain or enjoin the issuance, sale or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity or binding effect of any of the Borrower Documents, or the execution and delivery or adoption by the Borrower thereof, or the completeness or accuracy of the Preliminary Official Statement and the Official Statement or the consummation of the transactions contemplated thereby or hereby, (iii) which is in any way contesting the creation, existence, authority, powers or jurisdiction of the Borrower, or the authority of its authorized signatories executing this Purchase Agreement or the validity, enforceability or effect of the Indenture or the Act or any provision thereof or the application of the proceeds of the Bonds, or the exclusion from gross income for federal income tax purposes of the Bonds, or (iv) which, if adversely determined, could materially adversely affect the financial condition, assets, properties, position or operations of the Borrower or the transactions described in the Preliminary Official Statement and the Official Statement or any of the Borrower Documents; nor, to the Borrower's knowledge, after due and diligent inquiry, is there any basis for any such action, suit, inquiry, litigation, proceeding or investigation;
- (G) Except for such approvals as have been obtained (other than building permits, some of which will be obtained when necessary), no approval, consent, authorization, order or other action by or a

filing or registration with any governmental authority, board, agency, council, commission or quasi-governmental agency or private corporation is required as a condition to the execution, delivery or performance by the Borrower of the Borrower Documents, or its approval, execution and delivery of the Preliminary Official Statement and the Official Statement, except that counsel shall express no opinion whatsoever with respect to: (1) any approvals, authorizations or other action that may be required in connection with the offer and sale of the Bonds in certain jurisdictions which may be subject to the provisions of the securities or Blue Sky laws of such jurisdictions; or (2) any approvals required to be obtained by the Issuer or other parties, other than the Borrower to the Borrower Documents;

- (H) Nothing has come to counsel's attention that would lead it to believe that the information in the Preliminary Official Statement and the Official Statement (except the information under the captions "THE ISSUER," "UNDERWRITING," "MUNICIPAL ADVISOR," and "NO LITIGATION - The Issuer") as of their respective dates and as of the Closing Date, contains an untrue statement of a material fact or omits to state a material fact that is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and
  - (I) The Borrower may not plead the defense of usury or maintain an action for usury with respect to the loan(s) being made under the Legal Documents;
- (6) The opinion of \_\_\_\_\_, counsel to the Trustee, dated the Closing Date and addressed to the Underwriter, to the effect that:
- (A) The Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States having full power and authority and being qualified to enter into, accept and administer the trust created under the Indenture to which it is a party and to enter into such Indenture;
  - (B) The Legal Documents to which the Trustee is a party have been duly authorized, executed and delivered by the Trustee and constitute the legal, valid and binding obligations of the Trustee enforceable against the Trustee in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

- (C) The execution, delivery and performance of the Indenture will not conflict with or cause a default under any law, ruling, agreement, administrative regulation or other instrument by which the Trustee is bound;
- (D) All authorizations and approvals required by law and the articles of association and bylaws of the Trustee in order for the Trustee to execute and deliver and perform its obligations under the Indenture to which it is a party have been obtained;
- (E) The Trustee has duly authenticated and delivered the Bonds in accordance with the terms of the Resolution and the Indenture; and
- (F) No action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, is pending or threatened in any way affecting the existence of the Trustee or the titles of its directors or officers to their respective offices, or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds or the application of proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the Bonds or the Indenture;

(7) The opinion of Norris George & Ostrow PLLC, as counsel to the Underwriter, dated the Closing Date and addressed to the Underwriter, and covering such matters as the Underwriter may reasonably request;

(8) A certificate, dated the Closing Date, signed by an Authorized Officer of the Issuer, in substantially the form attached hereto as **Exhibit C**;

(9) A certificate, dated the Closing Date, of CSG Advisors Inc., municipal advisor to the Issuer, to the effect that, the information in the Preliminary Official Statement and the Official Statement under the caption "MUNICIPAL ADVISOR" as of their respective dates and as of the Closing Date did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(10) A certificate, dated the Closing Date, signed by an authorized signatory of the Borrower to the effect that: (a) the representations and agreements of the Borrower contained herein and in the other Borrower Documents are true and correct in all material respects as of the Closing Date; (b) the Borrower Documents have been duly authorized and executed and are in full force and effect; (c) except as described in the Preliminary Official Statement and the Official Statement, no litigation, suit, inquiry, action, proceeding or investigation of any governmental or judicial body is pending against the Borrower (and, in the case of litigation for which it has been served with process) or, to Borrower's knowledge, after due and diligent inquiry, threatened, in writing, against the Borrower: (i) seeking to restrain or enjoin the issuance, sale or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, (ii) in

any way contesting or affecting any authority for the issuance of the Bonds or the validity or binding effect of any of the Borrower Documents, or the execution and delivery or adoption by the Borrower thereof, or the completeness or accuracy of the Preliminary Official Statement and the Official Statement or the consummation of the transactions contemplated thereby or hereby, (iii) which is in any way contesting the creation, existence, authority, powers or jurisdiction of the Borrower, or the authority of its authorized signatories executing this Purchase Agreement or the validity, enforceability or effect of the Indenture or the Act or any provision thereof or the application of the proceeds of the Bonds, or the exclusion from gross income for federal income tax purposes of the Bonds, or (iv) which, if adversely determined, could materially adversely affect the financial condition, assets, properties, or operations of the Borrower or the transactions described in the Preliminary Official Statement and the Official Statement or any of the Borrower Documents; nor, to the Borrower's knowledge, after due and diligent inquiry, is there any basis for any such action, suit, inquiry, litigation, proceeding or investigation; (d) the information in the Preliminary Official Statement and the Official Statement (except the information under the captions "THE ISSUER," "UNDERWRITING," "MUNICIPAL ADVISOR," and "NO LITIGATION - The Issuer") as of their respective dates and as of the Closing Date did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; (e) no event has occurred since the date of the Preliminary Official Statement and the Official Statement which should be disclosed in the Preliminary Official Statement and the Official Statement for the purpose for which they are to be used or which is necessary to be disclosed therein in order to make the statements and information therein not misleading; and (f) the Borrower has complied with all agreements and satisfied all the conditions on its part to be performed or satisfied under the Borrower Documents at or prior to the Closing Date;

- (11) Executed or certified copies of the Indenture;
- (12) Executed or certified copies of each other Legal Document;
- (13) A Tax Certificate executed by the Borrower and the Issuer, in form satisfactory to Co-Bond Counsel, executed by such authorized signatories of the Borrower and the Issuer as shall be satisfactory to the Underwriter;
- (14) A certified copy of the Resolution;
- (15) Evidence satisfactory to the Underwriter of the assignment of ratings to the Bonds by (i) S&P Global Ratings ("S&P") or the ("Rating Agency") of at least "AA+";
- (16) A certificate of an authorized officer of the Trustee, dated as of the Closing Date, to the effect that: (a) the Trustee is a national banking association duly organized and validly existing, and in good standing under and by virtue of the laws of the United States, having the full power and being qualified to enter into and perform its duties under the Indenture and to authenticate and deliver the Bonds to the Underwriter; (b) the Trustee is duly authorized to enter into the Indenture and

to authenticate and deliver the Bonds to the Underwriter pursuant to the Indenture; (c) when delivered to and paid for by the Underwriter on the Closing Date, the Bonds will have been duly authenticated and delivered by the Trustee; (d) the execution and delivery of the Indenture and compliance with the provisions on the Trustee's part contained therein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, note, resolution, agreement or other instrument to which the Trustee is a party or is otherwise subject or, to the best knowledge of the Trustee, after reasonable investigation, any law, rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty or agreement is made with respect to any federal or state securities or blue sky laws or regulations), which conflict, breach or default would materially impair the ability of the Trustee to perform its obligations under the Indenture, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets held by the Trustee pursuant to the lien created by the Indenture under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture; and (e) it has not been served with any action, suit, proceeding, inquiry or investigation in law or in equity, before or by any court, governmental agency, public board or body, nor, to the knowledge of the Trustee, is any such action or other proceeding threatened against the Trustee, affecting the existence of the Trustee, or the titles of its officers to their respective offices or seeking to prohibit, restrain, or enjoining the execution and delivery of the Bonds or the collection of revenues to be applied to pay the principal, premium, if any, and interest with respect to the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Indenture, or contesting the powers of the Trustee or its authority to enter into, adopt or perform its obligations under any of the foregoing to which it is a party, wherein an unfavorable decision, ruling or funding would materially adversely affect the validity or enforceability of the Indenture or the power and authority of the Trustee to enter into and perform its duties under the Indenture and to authenticate and deliver the Bonds to or upon the order of the Underwriter;

(17) Evidence that a Form 8038 relating to the Bonds has been executed by the Issuer and will be filed with the Internal Revenue Service (the "IRS") within the applicable time limit;

(18) A certificate of Fannie Mae, dated the Closing Date, delivered to the Issuer and the Underwriter, substantially in the form attached hereto as Exhibit E;

(19) A certificate of Bellwether Enterprise Real Estate Capital, LLC (the "Permanent Lender"), dated the Closing Date, delivered to the Issuer and the Underwriter, substantially in the form attached hereto as Exhibit F;

(20) A copy of the Issuer's executed Blanket Letter of Representation to The Depository Trust Company; and

(21) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter, counsel for the Underwriter or Co-Bond Counsel may reasonably request to evidence compliance by the Issuer with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the Issuer herein contained and the due performance or satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer and all conditions precedent to the issuance of additional Bonds pursuant to the Indenture shall have been fulfilled.

(xii) As of the Closing Date, no default or event of default (as defined in any of the Legal Documents) shall have occurred and be continuing, and no event shall have occurred and be continuing which, with the lapse of time or the giving of notice or both, would constitute such a default or event of default.

(xiii) As of the Closing Date, each of the Legal Documents shall have been executed and delivered by each of the respective parties thereto, all such documents shall be in forms exhibited to the Underwriter on the date hereof with only such changes as the Underwriter may approve, and each of the Legal Documents shall be in full force and effect.

(xiv) As of the Closing Date, no order, decree, injunction, ruling or regulation of any court, regulatory agency, public board or body shall have been issued nor shall any legislation have been enacted with the purpose or effect, directly or indirectly, of prohibiting the offering, sale or issuance of the Bonds by the Issuer as contemplated by this Purchase Agreement or by the Official Statement.

(xv) As of the Closing Date, none of the events referred to in Section 8 of this Purchase Agreement shall have occurred.

All of the legal opinions, certificates, proceedings, instruments and other documents mentioned above or elsewhere in this Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance reasonably satisfactory to the Underwriter, the Borrower and the Issuer.

(b) If any conditions to the obligations of the Underwriter or the Issuer contained in this Purchase Agreement are not satisfied and the satisfaction of such conditions shall not be waived by the Underwriter and the Issuer, then, at the option of the Underwriter and the Issuer, (i) the Closing Date shall be postponed for such period, not to exceed seven days, as may be necessary for such conditions to be satisfied or (ii) without limiting the generality of Section 9(e) of this Purchase Agreement, the obligations of the Underwriter and the Issuer under this Purchase Agreement shall terminate, and neither the Underwriter nor the Issuer shall have any further obligations or liabilities hereunder, except the Borrower shall be obligated with respect to all reasonable fees, expenses and costs incurred payable to the Issuer pursuant to Section 11 hereof.

8. Termination. If the Borrower or the Issuer shall be unable to satisfy the conditions of the Underwriter's obligations contained in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, and only after consultation with the Issuer, this Purchase Agreement may be cancelled by the Underwriter at any time subsequent to the date hereof and on or prior to the Closing Date, effective upon written notice to the Issuer, if any of the following events have occurred. The performance by the Borrower and the Issuer of any and all conditions contained in this Purchase Agreement for the benefit of the Underwriter may be waived by the Underwriter, except that the Borrower shall be obligated with respect to payment of all reasonable fees, expenses and costs incurred by and payable to the Issuer and the Underwriter pursuant to Section 11 hereof.

(a) Any event or circumstance occurs or information becomes known, which, in the reasonable professional judgment of the Underwriter, Co-Bond Counsel or Disclosure Counsel makes untrue any statement of a material fact set forth in the Preliminary Official Statement or the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading and, in either such event, (i) the Issuer or the Borrower refuses to permit the Preliminary Official Statement or the Official Statement to be supplemented to supply such statement or information in a manner satisfactory to the Underwriter or (ii) the effect of the Preliminary Official Statement or the Official Statement in such condition and not supplemented is, in the reasonable professional judgment of the Underwriter, to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds;

(b) The market for the Bonds or the market prices of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds shall have been materially and adversely affected, in the reasonable professional judgment of the Underwriter, by events (1) – (7) below:

1. An amendment to the Constitution of the United States or the State shall have been passed or legislation shall have been introduced in or enacted by the Congress of the United States or the legislature of any state having jurisdiction of the subject matter or legislation pending in the Congress of the United States shall have been amended or legislation shall have been recommended to the Congress of the United States or to any state having jurisdiction of the subject matter or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the IRS or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation shall have been proposed for consideration by either such Committee by any member thereof or presented as an option for consideration by either such Committee by the staff of such Committee or by the staff of the Joint Committee on Taxation of the Congress of the United States, or legislation shall have been favorably reported for passage to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or a decision shall have been rendered by a court of the United

States or of the State or the Tax Court of the United States, or a ruling shall have been made or a regulation or temporary regulation shall have been proposed or made or any other release or announcement shall have been made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State authority, with respect to federal or State taxation upon revenues or other income of the general character to be derived by the Issuer or upon interest received on obligations of the general character of the Bonds which, in the judgment of the Underwriter, may have the purpose or effect, directly or, indirectly, of affecting the federal or State tax status of the Issuer, its property or income, its securities (including the Bonds) or the interest thereon, or any tax exemption granted or authorized by State legislation; or

2. The declaration of war by or against the United States, any major new escalation of military hostilities by the United States or the occurrence of any other national or international emergency or calamity or terrorism affecting the operation of the government of, or the financial community in, the United States; or
3. The declaration of a general banking moratorium by federal, New York or State authorities; or
4. The occurrence of a major financial crisis, a material disruption in municipal bond market or securities settlement, payment or clearance services or any calamity or crisis in the financial markets of the United States, or a material disruption or deterioration in the fixed income or municipal securities market that affects the sale of the Bonds; or
5. Additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon the trading of securities in general or on the Bonds or similar obligations, or with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers, by any governmental authority or by any national securities exchange; or
6. The general suspension of trading on, or other material restrictions on, any national securities exchange not in effect as of the date hereof; or
7. A material default by the Issuer in its debt obligations or the institution of proceedings under any federal bankruptcy laws by or against the City or County of San Francisco; or
8. A downgrade of the sovereign debt rating of the United States by any major credit rating agency or payment default on United States Treasury obligations; or

(c) Legislation introduced in or enacted (or resolution passed) by the Congress, legislation recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, decree, or injunction issued by any court of competent



jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the SEC, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect; or

(d) An order, decree or injunction of any court of competent jurisdiction, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby and as described in the Official Statement, is or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws as amended and then in effect; or

(e) A stop order, ruling, regulation, proposed regulation or statement by or on behalf of the SEC or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering, sale or distribution of obligations of the general character of the Bonds (including any related underlying obligations), or the execution and delivery of any Legal Documents, as contemplated hereby and as contemplated in the Official Statement, is in violation or would be in violation of any applicable law, rule or regulation, including (without limitation) any provision of applicable federal securities laws, including the provisions of the 1933 Act, the Trust Indenture Act, or the Securities Exchange Act of 1934, as amended; or

(f) a downgrading or suspension of any rating (without regard to credit enhancement) by S&P on the Bonds or any debt securities issued by the Issuer secured by a pledge of the same sources of funds as those securing the Bonds or other collateral pledged under the terms of the Indenture, or there shall have been any official statement as to a possible downgrading (such as being placed on “credit watch” or “negative outlook” or any similar qualification) of any rating by S&P of the Bonds or any debt securities issued by the Issuer secured by a pledge of the same sources of funds as those securing the Bonds or other collateral pledged under the terms of the Indenture; or

(g) A reduction, suspension or withdrawal of the S&P “AA+” rating of the Bonds, or, as of the Closing Date, the failure by S&P to assign such (or higher) ratings to the Bonds; or

(h) Any litigation shall have been filed against the Issuer and pending with service of process accomplished as of the Closing Date to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Act, the Resolution, the Legal Documents or the existence of the powers of the Issuer with respect to the obligations under the Legal Documents.

9. Indemnification. (a) To the fullest extent permitted by law, the Borrower shall pay, defend, protect, indemnify, save and hold harmless the Issuer, its directors, officers, members, partners, employees, affiliates, and agents, and the Underwriter and its directors, officers, members, partners, employees, affiliates, and agents and each person who controls the Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the Securities Exchange Act of 1934 (collectively, the “Indemnified Party”), against any and all losses, claims, damages, costs, expenses (including reasonable attorneys’ fees), causes of action (whether in contract, tort or otherwise), suits, demands and judgments of any kind, character and nature, or liabilities, joint or several (collectively, the “Liabilities”), (a) to which any such Indemnified Party may become subject, under any statute or regulation at law or in equity or otherwise, insofar as such Liabilities are caused by or directly or indirectly arise out of or are based upon or in any way related to (i) as to the Issuer and its Indemnified Parties only, the Bonds, the Project, the Legal Documents, this Purchase Agreement or any other document, transaction or agreement, written or oral, pertaining to the foregoing, (ii) as to all the Indemnified Parties, any untrue statement of a material fact or alleged untrue statement of material fact set forth in the Preliminary Official Statement or the Official Statement (except the information under the captions “THE ISSUER,” “NO LITIGATION - The Issuer” and “UNDERWRITING” to the extent such information is provided by the Underwriter) or any amendment or supplement thereto which is necessary in order to make the statements made therein, in the light of the circumstances in which they were made, not misleading, or (iii) as to all the Indemnified Parties, any omission or alleged omission to state in the Preliminary Official Statement or the Official Statement (except the information under the captions “THE ISSUER,” “NO LITIGATION - The Issuer” and “UNDERWRITING” to the extent such information is provided by the Underwriter) or any amendment or supplement thereto a material fact which is necessary in order to make the statements made therein, in the light of the circumstances in which they were made, not misleading, and (b) to the extent of the aggregate amount paid in any settlement of any litigation commenced or threatened arising from a Liability if such settlement is effected with the written consent of the Borrower (which consent shall not be unreasonably withheld); and will reimburse any legal or other expenses reasonably incurred by any such Indemnified Party in connection with investigating or defending any such Liability. This indemnity agreement shall be in addition to and shall not be construed as a limitation on any other liability which the Borrower may otherwise have to any Indemnified Party pursuant to the Borrower Documents or otherwise.

(b) The Borrower also agrees to pay, defend, protect, indemnify, save and hold harmless the Underwriter and each affiliate, member, officer, director, official, employee and agent of the Underwriter from and against the Liabilities directly or indirectly arising from or relating to any errors or omissions of any nature whatsoever contained in any legal proceedings or other official representation or inducement made by the Issuer pertaining to the Bonds.

(c) An Indemnified Party shall, promptly after the receipt of notice of the commencement of any action against such Indemnified Party in respect of which indemnification may be sought against the Borrower, notify the Borrower in writing of the commencement thereof, but the omission to notify the Borrower of any such action shall not relieve the Borrower from any liability that it may have to such Indemnified Party otherwise than under the indemnity agreement contained herein above unless and to the extent the Borrower did not otherwise learn of such action and such failure results in the forfeiture by the Borrower of substantial rights and defenses. In case any such action shall be brought against an Indemnified Party and such Indemnified Party shall

notify the Borrower of the commencement thereof, the Borrower may, or if so requested by such Indemnified Party shall, participate therein or assume the defense thereof, with counsel reasonably satisfactory to such Indemnified Party (provided, however, that if the Indemnified Party is the Issuer, the selection of counsel rests in the sole discretion of the City Attorney), and after notice from the Borrower to such Indemnified Party of an election so to assume the defense thereof, the Borrower will not be liable to such Indemnified Party under this paragraph for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation. The Indemnified Party shall at all times also have the right to fully participate in the defense and shall have the right to review and approve or disapprove any compromise or settlement which approval shall not be unreasonably withheld, conditioned or delayed. If there may be legal defenses available to the Indemnified Party that are materially different from or in addition to those available to the Borrower, if conflicts of interest exist or arise between the Borrower and the Indemnified Party or if the Borrower shall, after this notice and within a period of time necessary to preserve any and all defenses to any claim asserted, fail to assume the defense or to employ counsel for that purpose reasonably satisfactory to the Indemnified Party, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of, and at the risk and expense of, the Borrower. The Borrower shall not be liable for any settlement of such action effected without its consent, such consent not to be unreasonably withheld, but if settled with the consent of the Borrower, or if there is final nonappealable judgment for the plaintiff in any such action with or without consent, the Borrower agrees to indemnify and hold harmless the Indemnified Party or Parties from and against any loss or liability by reason of settlement or judgment to the extent set forth in this paragraph.

(d) If the indemnification provided for in this Section 9 is unavailable or insufficient to hold harmless an Indemnified Party under subsection (a) above, then the Borrower and the Indemnified Party (other than the Issuer) shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Party (other than the Issuer) may be subject, so that the Indemnified Party (other than the Issuer) is responsible for that portion represented by the percentage that the fees paid by the Borrower to the Indemnified Party (other than the Issuer) in connection with the issuance and administration of the Bonds bears to the aggregate offering price of the Bonds, with the Borrower responsible for the balance; provided, however, that in no case shall the Underwriter be responsible for any amount in excess of the fees paid by the Borrower to the Underwriter in connection with the issuance and administration of the Bonds. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) The Indemnified Parties, other than the Issuer and the Underwriter, shall be considered to be third-party beneficiaries of this Purchase Agreement and shall be entitled to enforce their rights hereunder as if they were parties to this Purchase Agreement. The provisions of this section will be in addition to all liability that the Borrower may otherwise have and shall survive any termination of this Purchase Agreement, the offering and sale of the Bonds and the payment or provisions for payment of the Bonds.

10. Amendments to Official Statement. If, during the period from the date hereof and ending on the earlier of (i) 90 days after the End of the Underwriting Period or (ii) the time when

the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than 25 days following the End of the Underwriting Period, any event occurs as a result of which the Official Statement for the Bonds as then amended or supplemented might include an untrue statement of material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Issuer, if such event relates to the information included in the Official Statement under the captions "THE ISSUER" and "NO LITIGATION - The Issuer" of which the Issuer has, or, with the exercise of due care would have had, knowledge, or the Borrower (to the extent such event is actually known to Borrower, or should have been known by the Borrower with the exercise of due diligence) shall promptly notify the Underwriter thereof and shall (in either case, at the expense of the Borrower), upon the request of the Underwriter, prepare and deliver to the Underwriter, as many copies of an amendment or supplement which will correct such statement or omission as the Underwriter may reasonably request.

11. Expenses. All expenses and costs in connection with the authorization, issuance and sale of the Bonds to the Underwriter, including (a) the costs of printing or reproduction of the Bonds, the Legal Documents, the Preliminary Official Statement, the Official Statement, and the blue sky survey, as well as any delivery costs incurred in connection with the foregoing documents, (b) fees of consultants, (c) fees of the Rating Agency, (d) advertising expenses, (e) fees and expenses of the Co-Bond Counsel, (f) the fees and expenses of counsel to the Underwriter (g) the Underwriting Fee, (h) the fees and expenses of the Trustee, (i) the fees and expenses of counsel for the Trustee, (j) the fees and expenses of disclosure counsel, (k) the fees and expenses of Issuer's counsel, (m) any application or administrative fee of the Issuer; and the fees and disbursements of the Issuer's financial advisor and any other experts or consultants retained by the Issuer, and (n) all other costs of issuance of the Bonds shall be paid by the Borrower from the proceeds of the Bonds or other revenues of the Borrower. The Borrower shall be solely responsible for and shall pay for any expenses incurred by the Issuer's and the Borrower's employees and representatives which are directly related to the offering and sale of the Bonds, including, but not limited to, meals, transportation, and lodging of those employees and representatives. The Issuer shall have no obligation to pay any fees, expenses or costs associated with or resulting from the issuance and delivery of the Bonds.

The Underwriter is required to pay fees to the California Debt and Investment Advisor Commission in connection with the Bond offering. Notwithstanding that such fees are solely the legal obligation of the Underwriter, the Borrower agrees to reimburse the Underwriter for such fees.

12. Use of Documents. The Borrower and the Issuer each hereby authorizes the Underwriter to use, in connection with the public offering and sale of the Bonds, this Purchase Agreement, the Preliminary Official Statement, the Official Statement, the Legal Documents, and the information contained herein and therein.

13. Qualification of Securities. The Borrower and the Issuer will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and to provide for the continuance of such

qualification; provided, however, that the Borrower and the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any state.

14. Notices. Any notice or other communication to be given to the Borrower and the Issuer, respectively, under this Purchase Agreement may be given by delivering the same in writing to (i) the Borrower at: c/o Sequoia Living, 1525 Post Street, San Francisco, California, 94109-6567, Attention: President/CEO; (ii) the Issuer at: (a) City and County of San Francisco, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 316, San Francisco, California 94102, Attention: City Controller, (b) City and County of San Francisco, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 140, San Francisco, California 94102, Attention: City Treasurer, and (c) Office of the City Attorney, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 234, San Francisco, California 94102, Attention: Finance Team; and (iii) any such notice or other communication to be given to the Underwriter may be given by delivering the same in writing to RBC Capital Markets, LLC, Two Embarcadero Center, 12<sup>th</sup> Floor, San Francisco California 94111, Attention: Mina Choo.

15. [Establishment of Issue Price.

(a) The Underwriter agrees to assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer at Closing an “issue price” or similar certificate substantially in the form attached hereto at Exhibit G, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Issuer and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. As applicable, all actions to be taken by the Issuer under this section to establish the issue price of the Bonds may be taken on behalf of the Issuer by the Issuer’s municipal advisor and any notice or report to be provided to the Issuer may be provided to the Issuer’s municipal advisor.

(b) Except as otherwise set forth in Section 1 hereto, the Issuer will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Bond Purchase Agreement, the Underwriter shall report to the Issuer the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Issuer the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the public.

(c) The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Bond Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Section 1 hereto, except as otherwise set forth therein. Section 1 also sets forth, as of the date of this Bond Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Issuer and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the Issuer to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as

the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the Issuer when it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(d) The Underwriter confirms that any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The Issuer acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires. The Issuer further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(e) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are

corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Bond Purchase Agreement by all parties.]

16. Benefit. This Purchase Agreement is made solely for the benefit of the Borrower, the Issuer and the Underwriter (including their successors or assigns) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. Except as otherwise expressly provided herein, all of the agreements and representations of the Borrower and the Issuer contained in this Purchase Agreement and in any certificates delivered pursuant hereto shall remain operative and in full force and effect regardless of: (i) any investigation made by or on behalf of the Underwriter; (ii) delivery of and payment for the Bonds hereunder; or (iii) any termination of this Purchase Agreement.

17. City Contracting Requirements. The provisions set forth in **Exhibit D** attached hereto are incorporated herein by reference.

18. Governing Law. THIS PURCHASE AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND FOR ALL PURPOSES SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE WITHOUT REGARD TO CHOICE OF LAW RULES.

19. Counterparts. This Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original hereof.

[Counterpart Signature to Purchase Agreement (Eastern Park Apartments)]

**RBC CAPITAL MARKETS, LLC**

By: \_\_\_\_\_  
Mina Choo, Managing Director

[Signatures continue on following page]



[Counterpart Signature to Purchase Agreement (Eastern Park Apartments)]

**CITY AND COUNTY OF SAN FRANCISCO,**  
as Issuer

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Director, Mayor's Office of Housing and  
Community Development

Approved as to Form:  
DENNIS J. HERRERA  
City Attorney

By: \_\_\_\_\_  
Kenneth D. Roux  
Deputy City Attorney

[Signatures continue on following page]

[Counterpart Signature to Purchase Agreement (Eastern Park Apartments)]

**EASTERN PARK APARTMENTS, L.P.**,  
a California limited partnership

By: Sequoia Living EPA LLC,  
a California limited liability company,  
its general partner

By: Sequoia Living, Inc.,  
a California nonprofit public benefit  
corporation, its sole member/manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**FORM OF BORROWER'S RULE 15c2-12 CERTIFICATE**

**\$60,006,000**  
**City and County of San Francisco**  
**Multifamily Tax-Exempt Mortgage-Backed Bonds**  
**(M.TEBS) (Eastern Park Apartments)**  
**Series 2019J**

**\$24,834,000**  
**City and County of San Francisco**  
**Multifamily Housing Revenue Bonds**  
**(Eastern Park Apartments)**  
**Series 2019K**

The undersigned hereby certifies and represents to RBC Capital Markets, LLC (the "Underwriter"), that he/she is authorized to execute and deliver this certificate on behalf of Eastern Park Apartments, L.P., a California limited partnership (the "Borrower"), and hereby further certify to the Underwriter as follows:

(a) This Certificate is delivered to enable the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 ("Rule 15c2-12") in connection with the issuance and sale of the above-captioned bonds (the "Bonds").

(b) In connection with the issuance and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated the date of this certificate, setting forth information concerning the Bonds and the Borrower (the "Preliminary Official Statement").

(c) The Preliminary Official Statement is deemed final within the meaning of Rule 15c2-12.

(e) The sections of the Preliminary Official Statement entitled "CONTINUING DISCLOSURE" and "APPENDIX [F] – FORM OF CONTINUING DISCLOSURE AGREEMENT" describe the agreement the Borrower expects to make for the benefit of the Bondholders in the Continuing Disclosure Agreement, dated as of December 1, 2019, by and between the Borrower and \_\_\_\_\_, in its capacity as trustee and dissemination agent, by which the Borrower will undertake to provide continuing disclosure in accordance with Rule 15c2-12.

Dated: \_\_\_\_\_, 2019

[Signature Page to Borrower's Rule 15c2-12 Certificate (Eastern Park Apartments)]

IN WITNESS WHEREOF, I have hereunto set my hand this as of the date set forth above.

**EASTERN PARK APARTMENTS, L.P.,**  
a California limited partnership

By: Sequoia Living EPA LLC,  
a California limited liability company,  
its general partner

By: Sequoia Living, Inc.,  
a California nonprofit public benefit  
corporation, its sole member/manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT B**

**FORM OF OPINION TO THE ISSUER OF THE  
OFFICE OF THE CITY ATTORNEY**

[To Come]

**EXHIBIT C**  
**FORM OF ISSUER'S CERTIFICATE**

[To Come]

## EXHIBIT D

### CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS

The following provisions shall apply to this Purchase Agreement as if set forth in the body thereof and apply to the Borrower and the Underwriter, individually and not severally. Capitalized terms used but not defined in this Exhibit shall have the meanings given in this Purchase Agreement.

**1. Conflict of Interest.** Through its execution of this Purchase Agreement, Eastern Park Apartments, L.P., a California limited partnership, and RBC Capital Markets, LLC (each, a “Contractor”) acknowledges that it is familiar with the provision of Section 15.103 of the City of San Francisco’s (the “City”) 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 Purchase Agreement.

**2. Proprietary or Confidential Information of City.** Contractor understands and agrees that, in the performance of the work or services under this Purchase Agreement or in contemplation thereof, Contractor 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. Contractor agrees that all information disclosed by City to Contractor shall be held in confidence and used only in performance of the Purchase Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent Contractor would use to protect its own proprietary data.

**3. Local Business Enterprise Utilization; Liquidated Damages.**

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

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

**4. Nondiscrimination; Penalties.**

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

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

c. **Nondiscrimination in Benefits.** Contractor does not as of the date of this Purchase Agreement and will not during the term of this Purchase Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between



the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in §12B.2(b) of the San Francisco Administrative Code.

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

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

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

6. **Tropical Hardwood and Virgin Redwood Ban.** Pursuant to §804(b) of the San Francisco Environment Code, the City and County of San Francisco urges 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.

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

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

9. **Compliance with Americans with Disabilities Act.** Contractor acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through an owner, must be

accessible to the disabled public. Contractor shall provide the services specified in this Purchase Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Contractor agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Purchase Agreement and further agrees that any violation of this prohibition on the part of Contractor, its employees, agents or assigns will constitute a material breach of this Purchase Agreement.

**10. 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 City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

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

**12. Requiring Minimum Compensation for Covered Employees.**

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

obligations under the MCO is set forth in this Section. Contractor is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

b. The MCO requires Contractor to pay Contractor'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 Contractor is obligated to keep informed of the then-current requirements. Any subcontract entered into by Contractor 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 Contractor's obligation to ensure that any Subcontractors of any tier under this Purchase Agreement comply with the requirements of the MCO. If any Subcontractor under this Purchase Agreement fails to comply, City may pursue any of the remedies set forth in this Section against Contractor.

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

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

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

f. Contractor's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Purchase 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 Contractor fails to comply with these requirements. Contractor agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for Contractor's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

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

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

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

### **13. Requiring Health Benefits for Covered Employees.**

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

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

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

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

d. Any Subcontract entered into by Contractor 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. Contractor shall notify City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Contractor 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 Contractor based on the Subcontractor's failure to comply, provided that City has first provided Contractor with notice and an opportunity to obtain a cure of the violation.

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

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

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

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

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

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

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

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

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

**14. Prohibition on Political Activity with City Funds.** In accordance with San Francisco Administrative Code Chapter 12.G, Contractor 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 Purchase Agreement. Contractor agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and

provisions of Chapter 12.G are incorporated herein by this reference. In the event Contractor violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Purchase Agreement, and (ii) prohibit Contractor from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider Contractor's use of profit as a violation of this section.

**15. Preservative-treated Wood Containing Arsenic.** Contractor may not purchase preservative-treated wood products containing arsenic in the performance of this Purchase Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Contractor may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Contractor from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

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

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

**18. Food Service Waste Reduction Requirements.** Contractor agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Purchase Agreement as though fully set forth. This provision is a material term of this Purchase Agreement. By entering into this Purchase Agreement, Contractor agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Contractor agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for

subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Purchase Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Contractor's failure to comply with this provision.

**19. 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 the statutory penalties set forth in that section. A Contractor, Subcontractor or consultant will be deemed to have submitted a false claim to the City if the Contractor, Subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

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

**EXHIBIT E**

**CERTIFICATE OF FANNIE MAE**

**\$60,006,000**

**City and County of San Francisco, California  
Multifamily Tax-Exempt Mortgage-Backed Bonds  
(M.TEBS) (Eastern Park Apartments),  
Series 2019J**

This Certificate, dated \_\_\_\_\_, 2019, is being furnished to the City and County of San Francisco, California (the "Issuer") and RBC Capital Markets, LLC, as underwriter (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement dated as of \_\_\_\_\_, 2019 (the "Bond Purchase Agreement") among the Underwriter, the Issuer and Eastern Park Apartments, L.P., a California limited partnership, regarding the purchase by the Underwriter of the City and County of San Francisco, California Multifamily Tax-Exempt Mortgage-Backed Bonds (M.TEBS) (Eastern Park Apartments) Series 2019J (the "Bonds"), issued by the Issuer. All terms not otherwise defined herein shall have the meanings ascribed to such terms in the Bond Purchase Agreement.

The undersigned hereby certifies to the Issuer and the Underwriter that (A) Fannie Mae has provided the link which includes a template of the Fannie Mae MBS Prospectus (Multifamily Fixed-Rate Yield Maintenance) set forth in the first paragraph under the caption "APPENDIX A – FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM" in the Preliminary Official Statement and the Official Statement, (B) if the MBS had been issued by Fannie Mae on the date of this certificate, the disclosure in the Additional Disclosure Addendum provided in connection with the MBS will be substantially the same in all material respects as the Additional Disclosure Addendum provided in Schedule I to Appendix A of the Official Statement, and (C) Fannie Mae has authorized the inclusion of such information in the Preliminary Official Statement and the Official Statement for use in connection with the marketing of the Bonds.



[Signature Page to Certificate of Fannie Mae (Eastern Park Apartments)]

**FANNIE MAE**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT F**

**FORM OF CERTIFICATE OF PERMANENT LENDER**

\_\_\_\_\_, 2019

**\$60,006,000**

**City and County of San Francisco, California  
Multifamily Tax-Exempt Mortgage-Backed Bonds  
(M.TEBS) (Eastern Park Apartments),  
Series 2019J**

The undersigned, Bellwether Enterprise Real Estate Capital, LLC (the “Permanent Lender”), in connection with the issuance, sale and delivery by the City and County of San Francisco, California (the “Issuer”) of its \$60,006,000 City and County of San Francisco, California Multifamily Tax-Exempt Mortgage-Backed Bonds (M.TEBS) (Eastern Park Apartments) Series 2019J (the “Bonds”), does hereby certify as of the date hereof as follows:

1. The MBS to be delivered to \_\_\_\_\_ (the “Trustee”) pursuant to the Indenture shall be issued by Fannie Mae and guaranteed, as to timely payment of interest at the applicable Pass-Through Rate on the unpaid principal balance of the Permanent Loan pertaining to such MBS, and guaranteed as to timely payment of principal in accordance with the terms of the principal amortization schedule of the Permanent Loan.

2. If the MBS is delivered to the Trustee pursuant to the Indenture, the Trustee shall be furnished with (i) a MBS, registered in the name of the Trustee (or its nominee), as Trustee under the Indenture and (ii) any prospectus for the MBS.

3. The Permanent Lender has provided the information under the caption “APPENDIX G—TERM SHEET” in the Official Statement, that the information under such caption in the Official Statement is accurate as of the date of the Official Statement and as of the Closing Date, and that the Permanent Lender has authorized the inclusion of such information in the Official Statement for use in connection with the marketing of the Bonds.

All terms not otherwise defined herein shall have the meanings ascribed to such terms in the Bond Purchase Agreement dated \_\_\_\_\_, 2019 among RBC Capital Markets, LLC, Eastern Park Apartments, L.P., a California limited partnership, and the Issuer.

[Signature Page to Certificate of Permanent Lender (Eastern Park Apartments)]

**BELLWETHER ENTERPRISE REAL  
ESTATE CAPITAL, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT G**

**FORM OF ISSUE PRICE CERTIFICATE**

**\$60,006,000**  
**City and County of San Francisco, California**  
**Multifamily Tax-Exempt Mortgage-Backed Bonds**  
**(M.TEBS) (Eastern Park Apartments),**  
**Series 2019J**

**\$24,834,000**  
**City and County of San Francisco, California**  
**Multifamily Housing Revenue Bonds**  
**(Eastern Park Apartments),**  
**Series 2019K**

The undersigned, on behalf of RBC Capital Markets, LLC (the “Underwriter”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

**1. Sale of the Bonds.** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price or yield shown on the cover of the Official Statement.

**2. Defined Terms.**

(a) “Issuer” means the City and County of San Francisco, California.

(b) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(c) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate means, with respect to a purchaser of the Bonds, if the Underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(d) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is \_\_\_\_\_, 2019.

(e) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

[ Remainder of Page Left Intentionally Blank]

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents RBC Capital Markets, LLC's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate, and with respect to compliance with the federal income tax rules affecting the Bonds, and by Norton Rose Fulbright (US) LLP (together with Curis Bartling P.C., "Co-Bond Counsel") in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds.

RBC CAPITAL MARKETS, LLC

By: \_\_\_\_\_  
Name: Mina Choo  
Title: Managing Director

Dated: \_\_\_\_\_, 2019

[Signature Page to the Issue Price Certificate (Eastern Park Apartments)]

No Fee Recording (Pursuant to  
Government Code Section 27383)

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

Dave Sanchez, Esq.  
Norton Rose Fulbright US LLP  
555 California Street, Suite 3000  
San Francisco, CA 94104

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APN: Block 0742; Lot 014  
Property Address: 711 Eddy Street, San Francisco, California

REGULATORY AGREEMENT AND  
DECLARATION OF RESTRICTIVE COVENANTS

by and between the

CITY AND COUNTY OF SAN FRANCISCO

and

EASTERN PARK APARTMENTS, L.P.

Dated as of December 1, 2019

Relating to:

City and County of San Francisco, California  
Multifamily Tax-Exempt Mortgage Backed Bonds (M.TEBS)  
(Eastern Park Apartments),  
Series 2019J

and

City and County of San Francisco, California  
Multifamily Housing Revenue Bonds  
(Eastern Park Apartments)  
Series 2019K

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REGULATORY AGREEMENT AND DECLARATION OF  
RESTRICTIVE COVENANTS

This REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (this “Regulatory Agreement”) is made and entered into as of December 1, 2019, by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation and chartered city and county, duly organized and validly existing under its City Charter and the Constitution and laws of the State of California (together with any successor to its rights, duties and obligations, the “City”) acting by and through the Mayor’s Office of Housing and Community Development, and Eastern Park Apartments, L.P., a California limited partnership (the “Owner”), owner of a fee interest in the land described in Exhibit A attached hereto.

RECITALS

A. WHEREAS, pursuant to the Charter of the City, 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 now in effect and as may be subsequently amended and supplemented (collectively, the “Act”), the City is authorized to issue revenue bonds, notes and other evidences of indebtedness to finance the development of multifamily rental housing; and

B. WHEREAS, the Board of Supervisors of the City has authorized the execution and delivery of multifamily housing revenue bonds, in one or more series, under the Act in connection with the acquisition and rehabilitation of an affordable multifamily residential rental housing project located on the site described in Exhibit A hereto and to be known as “Eastern Park Apartments” (the “Project”), which Project shall be subject to the terms and provisions hereof; and

C. WHEREAS, in furtherance of the purposes of the Act and as a part of the City’s plan of financing affordable housing, the City is issuing its multifamily housing revenue bonds designated “City and County of San Francisco, California Multifamily Tax-Exempt Mortgage Backed Bonds (M.TEBS) (Eastern Park Apartments), Series 2019J” (the “Series 2019J Bonds”) and the “City and County of San Francisco, California Multifamily Housing Revenue Bonds (Eastern Park Apartments), Series 2019K” (the “Series 2019K Bonds” and together with the Series 2019J Bonds, the “Bonds”) pursuant to the terms of an Indenture of Trust of even date herewith (the “Indenture”), between the City and {TRUSTEE}, as trustee (the “Trustee”). The proceeds of the Bonds are to be loaned to the Owner (the “Bond Loans”) pursuant to a Financing Agreement, of even date herewith (the “Financing Agreement”), between the City, the Trustee and the Owner, to finance a portion of the costs of the Project; and

D. WHEREAS, the Owner has entered into a commitment with Bellwether Enterprise Real Estate Capital LLC (the “Permanent Lender”) whereby the Permanent Lender has committed to facilitate the permanent financing of the Project by securing the payment of the principal and interest on the Series 2019J Bonds upon completion of the rehabilitation of the Project, on such date and subject to the satisfaction of certain conditions, all as further described in the Indenture, the Financing Agreement and the Permanent Lender Commitment, dated as of \_\_\_\_\_, 2019 from the Permanent Lender to the Owner. In the event the permanent loan (as contemplated in the preceding sentence) is originated, the Federal National Mortgage Association (“Fannie Mae”) is

anticipated to deliver, or cause to be delivered, to the Trustee a single mortgage pass-through certificate (the "MBS") guaranteed as to timely payment of principal and interest by Fannie Mae, which MBS will then secure the payment of the principal and interest of the Series 2019J Bonds; and

F. WHEREAS, the City hereby certifies that all things necessary to make the Bonds, when issued as provided in the Indenture, the valid, binding and limited obligations of the City have been done and performed, and the execution and delivery of the Indenture and the Financing Agreement and the issuance of the Bonds in all respects have been duly authorized; and

G. WHEREAS, the Code (as defined herein) and the regulations and rulings promulgated with respect thereto and the Act prescribe that the use and operation of the Project be restricted in certain respects and in order to ensure that the Project will be acquired, rehabilitated, equipped, used and operated in accordance with the Code and the Act, the City and the Owner have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition and rehabilitation of the Project.

#### AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the City and the Owner agree as follows:

1. Definitions and Interpretation. Capitalized terms used herein have the meanings assigned to them in this Section 1, unless the context in which they are used clearly requires otherwise:

"Act" - The Charter of the City, Article I of Chapter 43 of the Administrative Code of the City and County of San Francisco Municipal Code and, as applicable, Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented.

"Adjusted Income" - The adjusted income of a person (together with the adjusted income of all persons of the age of 18 years or older who intend to reside with such person in one residential unit) as calculated in the manner prescribed pursuant to Section 8 of the Housing Act, or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination or as otherwise required under Section 142 of the Code and the Act.

"Affiliated Party" - A Person whose relationship with the Owner would result in a disallowance of losses under Section 267 or 707(b) of the Code, (b) a Person who together with the Owner are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein), (c) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Owner would result in a disallowance of losses under Section 267 or 707(b) of the Code, and (d) an S corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Owner would result in a disallowance of losses under Section 267 or 707(b) of the Code.

“Annual Monitoring Report” has the meaning set forth in Section 5(l).

“Area” - The HUD Metro Fair Market Rent Area (HMFA), or the successor area determined by HUD in which the Project is located.

“Authorized Owner Representative” - Any person who at the time and from time to time may be designated as such by written certificate furnished to the City and the Trustee containing the specimen signature of such person and signed on behalf of the Owner by the general partner(s) of the Owner, which certificate may designate an alternate or alternates.

“Available Units” - Residential units in the Project (except for not more than one unit set aside for a resident manager) that are actually occupied and residential units in the Project that are vacant and have been occupied at least once after becoming available for occupancy, provided that (a) a residential unit that is vacant on the later of (i) the date the Project is rehabilitated or (ii) the date of the issuance of the Bonds is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after such date, and (b) a residential unit that is not available for occupancy due to renovations is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after the renovations are completed.

“Bond Loans” – shall have the meaning set forth in the Indenture.

“Bonds” – Collectively, the Series 2019J Bonds and the Series 2019K Bonds.

“CDLAC” - The California Debt Limit Allocation Committee.

“CDLAC Requirements” - The requirements described in Section 27 of this Regulatory Agreement.

“CDLAC Resolution” - The resolution described in Section 27 of this Regulatory Agreement.

“Certificate of Continuing Program Compliance” - The Certificate with respect to the Project to be executed and filed by an Authorized Owner Representative with the City and the Program Administrator, which shall be substantially in the form attached to this Regulatory Agreement as Exhibit D, or such other form as is provided by the City.

“Certificate of Preference” – A residential Certificate of Preference issued by the City pursuant to the City’s Certificate of Preference Program.

“City” - The City and County of San Francisco, California.

“City Median Income” - The “Maximum Income by Household Size” derived by the Mayor’s Office of Housing and Community Development and published annually, based on the unadjusted Median Income for the Area, as determined annually by HUD in a manner consistent with determinations of area median gross income under Section 8 of the Housing Act and Section 3009a of the Housing and Economic Recovery Act of 2008 or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination, and being adjusted for family size but unadjusted for high housing costs.

“Closing Date” - The date of the execution and delivery of the Bonds, i.e. December \_\_, 2019.

“Code” - The Internal Revenue Code of 1986, as in effect on the execution and delivery of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of the execution and delivery of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Completion Certificate” - The certificate of completion of the rehabilitation of the Project required to be executed and filed by an Authorized Owner Representative and delivered to the City and the Trustee by the Owner pursuant to Section 2(e) of this Regulatory Agreement, which shall be substantially in the form attached to this Regulatory Agreement as Exhibit C.

“Completion Date” - The date of completion of the rehabilitation of the Project, as that date shall be certified as provided in Section 2(e) of this Regulatory Agreement.

“Costs of Issuance” means the issuance costs for purposes of Section 147(g) of the Code incurred with respect to the issuance of the Bonds (as further defined in the Indenture, but does not include fees charged by the City with respect thereto (i.e., the initial issuance fee and the annual monitoring fee).

“Displaced Tenant Preference Certificate Holder” - A person or household that has been issued a certificate under the Displaced Tenant Preference Program, as further described in the Operational Rules attached as Exhibit J.

“Existing Tenant” – means any Tenant lawfully residing at, or legally entitled to return to the Site, as of the Closing Date..

“Facilities” - The multifamily buildings, structures and other improvements on the Site to be acquired, constructed, improved, rehabilitated and equipped with the proceeds of the Bond Loans, and all fixtures and other property owned by the Owner and located on the Site, or used in connection with, such buildings, structures and other improvements.

“Financing Agreement” – The Financing Agreement, of even date herewith, among the City, the Trustee and the Owner, pursuant to which the Bond Loans were made.

“HAP Contract” – The \_\_\_\_\_

“Housing Act” – 42 U.S.C. Section 1437, known as the United States Housing Act of 1937, as amended.

“Housing Authority” - The Housing Authority of the City and County of San Francisco and any of its successors.

“Housing Law” - Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as amended.

“HUD” - The United States Department of Housing and Urban Development, its successors and assigns.

“Income Certification Form” – A fully completed and executed Income Certification Form substantially in the form designated in Exhibit B, or such other form as may be provided by the City.

“Inducement Date” – October 12, 2018, the effective date of the Inducement Resolution.

“Inducement Resolution” – Resolution No. 337-18 adopted by the Board of Supervisors of the City on October 2, 2018 and approved by the Mayor of the City on the Inducement Date, indicating its intention to issue the Bonds to finance a portion of the Project.

“Indenture” – The Indenture of Trust of even date herewith between the City and the Trustee.

“Investor Limited Partner” – Wincopin Circle LLLP, a Maryland limited liability limited partnership, and/or any of its successors or affiliates that have been admitted as a limited partner in Owner in accordance with the Partnership Agreement.

“Life of the Project” – means the period of time from completion of the Project and initial occupancy and thereafter for so long as the Project continues to operate as a multi-family residential project in accordance with the term hereof.

“Low Income Tenant” – Any Tenant whose Adjusted Income does not exceed sixty percent (60%) of the lower of City Median Income or Median Income for the Area; provided, however, if all the occupants of a unit are students (as defined under Section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code or who fail to be described in Section 42(i)(3)(D) of the Code, such occupants shall not qualify as Low Income Tenants. The determination of a Tenant’s status as a Low Income Tenant shall initially be made by the Owner on the basis of an Income Certification Form executed by the Tenant upon such Tenant’s occupancy of a Restricted Unit in the Project and upon annual recertification thereafter. In determining if any Tenant is a Low Income Tenant for purposes of any requirement of the City hereunder, the maximum Adjusted Income shall be based on the applicable percentage of the lower of the City Median Income or Median Income for the Area.

“Low Income Unit” – A dwelling unit in the Project required to be rented to, or designated for occupancy by, Low Income Tenants pursuant to Section 4 of this Regulatory Agreement.

“Managing General Partner” – Sequoia Living EPA LLC, a California limited liability company, and/or any other Person that the partners of Owner, with the prior written approval of City (to the extent required pursuant to the Loan Documents), have selected to be a general partner of Owner, and any successor general partner of the Owner, in each case to the extent permitted under the Loan Documents and hereunder.

“Median Income for the Area” – The median gross income for the Area, as determined in a manner consistent with determinations of area median gross income under Section 8 of the Housing Act and Section 3009(a) of the Housing and Economic Recovery Act of 2008 (Pub. L.

110-289, 122 Stat 2654) or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination or as otherwise required under Section 142 of the Code and the Act, including adjustments for household size and high housing cost area.

“Owner” – Eastern Park Apartments, L.P., a California limited partnership, and its permitted successors and assigns.

“Operational Rules” – The Operational Rules for San Francisco Housing Lotteries and Rental Lease Up Activities are incorporated by reference in Exhibit J.

“Partnership Agreement” – The First Amended and Restated Agreement of Limited Partnership relating to Owner, by and among the Managing General Partner and the Investor Limited Partner.

“Program Administrator” - A governmental agency, a financial institution, a certified public accountant, an apartment management firm, a mortgage insurance company or other business entity performing similar duties or otherwise experienced in the administration of restrictions on bond financed multifamily housing projects, which shall initially be the City and, at the City’s election, any other person or entity appointed by the City who shall enter into an administration agreement in a form acceptable to the City.

“Project” - The Facilities and the Site.

“Project Costs” - To the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Owner with respect to the rehabilitation of the residential component of the Project, whether paid or incurred prior to or after the Inducement Date, including, without limitation, costs for site acquisition, preparation, the planning of housing and related facilities and improvements, the removal or demolition of existing structures, the rehabilitation of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractor’s and Owner’s overhead and supervisors’ fees and costs directly allocable to the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project), and interest accrued during rehabilitation and prior to the Completion Date.

“Qualified Project Costs” – The Project Costs incurred after the date which is sixty (60) days prior to the Inducement Date and that are chargeable to a capital account with respect to the Project for federal income tax and financial accounting purposes, or would be so chargeable either with a proper election by the Owner or but for the proper election by the Owner to deduct those amounts, within the meaning of Regulations Section 1.103-8(a)(1); provided, however, that only such portion of the interest accrued during rehabilitation of the Project shall constitute a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs, and provided further that such interest shall cease to be a Qualified Project Cost on the Completion Date, and provided still further that if any portion of the Project is being rehabilitated by an Affiliated Party (whether as a general contractor or a subcontractor), “Qualified Project Costs” shall include only (a) the actual out-of-pocket costs incurred by such Affiliated

Party in connection with the rehabilitation of the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Affiliated Party, and (c) any overhead expenses incurred by the Affiliated Party which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the rehabilitation of the Project or payments received by such Affiliated Party due to early completion of the Project (or any portion thereof). Qualified Project Costs do not include Costs of Issuance.

“Qualified Project Period” - The period beginning on the later of the Closing Date or the first day on which at least ten percent (10%) of the units in the Project are first occupied and ending on the later of the following:

(a) the date that is fifteen (15) years after the date on which at least fifty percent (50%) of the units in the Project are first occupied;

(b) the first date on which no Tax-Exempt private activity bonds or notes with respect to the Project are Outstanding;

(c) if applicable, the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates;

(d) the date that is the later of (i) seventy-five (75) years after the Closing Date or (ii) the end of the Life of the Project; provided, however, that if the Life of the Project is less than 75 years due to casualty, then the end date of the Life of Project controls; or

(e) such later date as may be provided in Section 5, Section 7 or Section 12 hereof.

“Qualified Tenant” – An Existing Tenant, a Very-Low Tenant or a Low Income Tenant.

“Regulations” - The income tax regulations promulgated by the Internal Revenue Service or the United States Department of the Treasury pursuant to the Code from time to time.

“Regulatory Agreement” - This Regulatory Agreement and Declaration of Restrictive Covenants, together with any amendments hereto or supplements hereof.

“Restricted Unit” – A Low Income Unit or a Very Low Income Unit.

“Section 8” – Section 1437f of the Housing Act, unless explicitly referring to a section of this Regulatory Agreement (e.g., “Section 8 hereof”).

“Site” - The parcel or parcels of real property described in Exhibit A attached hereto, and all rights and appurtenances thereto, and in which the Owner has a fee interest.

“SSI” – Supplemental Security Income administered pursuant to P.L. 74-271, approved August 14, 1935, 49 Stat. 620, as now in effect and as it may from time to time hereafter be amended or supplemented.



“State” - The State of California.

“TANF” – The Temporary Assistance for Needy Families program administered pursuant to 42 U.S.C. Sections 601-687.

“Tax Certificate” – The Tax Certificate and Agreement, dated as of the Closing Date, executed and delivered by the City and the Owner.

“Tax Counsel” – An attorney or a firm of attorneys of nationally recognized standing in matters pertaining to the tax status of interest on bonds issued by states and their political subdivisions, who is selected by the City and duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“Tax-Exempt” – The exclusion of interest thereon from gross income of the holder of the Bonds for federal income tax purposes pursuant to Section 103(a) of the Code (other than interest on any portion of the Tax-Exempt Note owned by a “substantial user” of the Project or a “related person” within the meaning of Section 147 of the Code).

“Tenant” – At any time of determination thereof, all persons who together occupy a single residential unit in the Project, and upon the occupancy of a unit by any individual in addition to the previous Tenant of such unit, such unit shall be deemed to be occupied by a new Tenant.

“Very Low Income Tenant” – Any Tenant whose Adjusted Income does not exceed fifty percent (50%) of the lower of City Median Income or Median Income for the Area; provided, however, if all the occupants of a unit are students (as defined under Section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code or who fail to be described in Section 42(i)(3)(1) of the Code, such occupants shall not qualify as Very Low Income Tenants. The determination of a Tenant’s status as a Very Low Income Tenant shall initially be made by the Owner on the basis of the Income Certification Form executed by the Tenant upon such Tenant’s occupancy of a unit in the Project and upon annual recertification thereafter. In determining if any Tenant is a Very Low Income Tenant for purposes of any requirement of the City hereunder, the maximum Adjusted Income shall be based on the applicable percentage of the lower of the City Median Income or Median Income for the Area.

“Very Low Income Unit” - A dwelling unit in the Project required to be rented to, or designated for occupancy by, Very Low Income Tenants pursuant to Section 4 of this Regulatory Agreement.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender used in this Regulatory Agreement shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1 notwithstanding any contrary

definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory 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 or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

2. Acquisition and Rehabilitation of the Project. The Owner hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Owner has incurred, or will incur within six (6) months after the Closing Date, a substantial binding obligation to a third party to commence the rehabilitation of the Project, pursuant to which the Owner is or will be obligated to expend at least the lesser of (1) five percent (5%) of the aggregate principal amount of the Bonds or (ii) \$100,000 for the payment of Qualified Project Costs.

(b) The Owner's reasonable expectations respecting the total cost of rehabilitation of the Project and the disbursement of proceeds of the Bonds are accurately set forth in the Tax Certificate delivered to the City on the Closing Date.

(c) The Owner will proceed with due diligence to complete the acquisition and rehabilitation of the Project and expects to expend the maximum authorized amount of the Bond Loans for Project Costs within three (3) years of the Closing Date.

(d) The Owner shall prepare and submit to the City a final allocation of the proceeds of the Bonds to the payment of Qualified Project Costs, which allocation shall be consistent with the cost certification (as defined in the Partnership Agreement) within sixty (60) days after the Completion Date, but in any event no later than the earlier of (1) eighteen (18) months from the placed in service date for the Project, (2) the Maturity Date (as defined in the Indenture) or (3) the fifth anniversary of the Closing Date.

(e) No later than ten (10) days after the Completion Date, the Owner will submit to the City with a copy to the Trustee a duly executed and completed Completion Certificate.

(f) On the date on which fifty percent (50%) of the units in the Project are first rented, the Owner will submit to the City and the Trustee a duly executed and completed Certificate as to Commencement of Qualified Project Period in the form of Exhibit E hereto.

(g) Money on deposit in any fund or account in connection with the Bonds, whether or not such money was derived from other sources, shall not be used by or under the direction of the Owner in a manner which would cause the Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code, and the Owner specifically agrees that the investment of money in any such fund shall be restricted as may be necessary to prevent the Bonds from being an "arbitrage bond" under the Code.

(h) The Owner (and any person related to it within the meaning of Section 147(a)(2) of the Code) will not take or omit to take any action if such action or omission

would in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to the requirements of the Indenture, the Financing Agreement or this Regulatory Agreement.

(i) On or concurrently with the final draw by the Owner of amounts representing proceeds of the Bonds, the expenditure of such draw, when added to all previous disbursements representing proceeds of the Bonds, will result in not less than ninety-five percent (95%) of all disbursements of the proceeds of the Bonds having been used to pay or reimburse the Owner for Qualified Project Costs and less than twenty-five percent (25%) of all disbursements having been used to pay for the acquisition of land or any interest therein.

(j) The statements made in the various certificates to be delivered by the Owner to the City on the Closing Date in connection with the execution and delivery of the Bonds will be true and correct.

(k) All of the amounts received by the Owner from the proceeds of the Bonds and earnings from the investment of such proceeds will be used to pay Project Costs; and no more than two percent (2%) of the proceeds of the Bonds shall be used to pay Costs of Issuance of the Bonds.

(l) The Owner will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-Exempt status of interest on the Bonds, and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(m) The Owner will take such action or actions as may be necessary, in the written opinion of Tax Counsel to the City, to comply fully with the Act, the Code and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service to the extent necessary to maintain the Tax-Exempt status of interest on the Bonds.

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

(o) In accordance with Section 147(b) of the Code, the average maturity of the Bonds does not exceed one hundred twenty percent (120%) of the average reasonably expected economic life of the facilities being financed by the Bonds.

3. Qualified Residential Rental Property. The Owner hereby acknowledges and agrees that the Project will be owned, managed and operated as a “qualified residential rental project” (within the meaning of Section 142(d) of the Code). The City hereby elects to have the Project meet the requirements of Section 142(d)(1)(B) of the Code and the Owner hereby elects and covenants that it shall comply with Section 142(d)(1)(B) of the Code. To that end, and for the

term of this Regulatory Agreement, the Owner hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Project is being acquired and rehabilitated for the purpose of providing affordable multifamily residential rental property, including certain facilities related thereto, and the Owner shall own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with applicable provisions of Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the residential dwelling units in the Project will be similarly constructed units, and, to the extent required by the Code and the Regulations, each residential dwelling unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range (which may be a countertop cooking range), refrigerator and sink.

(c) None of the residential dwelling units in the Project will at any time be used on a transient basis (e.g., subject to leases that are less than thirty (30) days in duration) (including use as a corporate suite), or be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, retirement house or trailer court or park.

(d) No part of the Project will at any time be owned as a condominium or by a cooperative housing corporation, nor shall the Owner take any steps in connection with a conversion to such ownership or uses. Other than obtaining a final subdivision map on the Project and a Final Subdivision Public Report from the California Department of Real Estate, the Owner shall not take any steps in connection with a conversion of the Project to a condominium ownership except with the prior written opinion of Tax Counsel that the Tax-Exempt status of the interest on the Bonds will not be adversely affected thereby.

(e) All of the residential dwelling units in the Project will be available for rental on a continuous basis to members of the general public and the Owner will not give preference to any particular class or group in renting the residential dwelling units in the Project, except to the extent required by (i) this Regulatory Agreement, (ii) any regulatory or restrictive use agreement to which the Project is or becomes subject pursuant to Section 42 of the Code, (iii) any additional tenant income and rent restrictions imposed by any other federal, State or local governmental agencies, and (iv) any other legal or contractual requirement not excepted by clauses (i) through (iii) of this subsection, upon receipt by the Owner and the City of an opinion of Tax Counsel to the effect that compliance with such other requirement will not adversely affect the Tax-Exempt status of interest on the Bonds.

(f) The Site consists of a parcel or parcels that are contiguous and all of the Facilities will comprise a single geographically and functionally integrated project for residential

rental property (including the portions of the common areas allocated to the Project), as evidenced by the ownership, management, accounting and operation of the Project.

(g) No residential dwelling unit in the Project shall be occupied by the Owner. Notwithstanding the foregoing, if any building in the Project contains five (5) or more residential dwelling units, this Subsection shall not be construed to prohibit occupancy of residential dwelling units in such building by one or more resident managers or maintenance personnel any of whom may be the Owner; provided that the number of such managers or maintenance personnel is not unreasonable given industry standards in the area for the number of residential dwelling units in the Project.

(h) The Owner shall not discriminate on the basis of race, creed, religion, color, sex, source of income (*e.g.*, TANF, Section 8 or SSI), physical disability (including HIV/AIDS), age, national origin, ancestry, marital or domestic partner status, sexual preference or gender identity in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the construction, operation and management of the Project.

(i) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure, transfer of title by assignment of the fee interest in the Project in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the City from enforcing the requirements of the Code and the Regulations, or condemnation or similar event, the Owner covenants that, within a "reasonable period" determined in accordance with the Regulations, it will either prepay the Bonds or apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

(j) The Owner agrees to maintain the Project, or cause the Project to be maintained, during the term of this Regulatory Agreement (i) in a reasonably safe condition and (ii) in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof such that the Project shall be in substantially the same condition at all times as the condition it is in at the time of the completion of the rehabilitation of the Project with the proceeds of the Bonds. Notwithstanding the foregoing, the Owner's obligation to repair or rebuild the Project in the event of casualty or condemnation shall be subject to the terms of the Financing Agreement.

(k) The Project has and will continue to have two hundred and two (202) residential dwelling units, one of which is a manager's unit.

(l) The Owner will not sell dwelling units within the Project.

4. Restricted Units. The Owner hereby represents, as of the date hereof, and warrants, covenants and agrees as follows:

(a) Income and Rent Restrictions. In addition to the requirements of Section 5, hereof, the Owner shall comply with the income and rent restrictions of this Subsection 4(a), and

any conflict or overlap between any two (2) or more of such provisions shall be resolved in favor of the most restrictive of such provisions, that is, in favor of the lowest income and rent restriction.

(i) Very Low Income Units. A total of forty-one (41) of the Available Units (excluding the manager's unit) in the Project shall be rented to and continuously occupied by households who qualify as Very Low-Income Tenants, with priority given to Existing Tenants. The monthly rent charged for all the Very Low Income Units, shall not exceed one-twelfth (1/12) of the amount obtained by multiplying thirty percent (30%) times fifty percent (50%) of the lower of City Median Income or the Median Income for the Area, less the utility allowance, provided however that the monthly rent charged for the Very Low Income Units receiving the Section 8 subsidy shall be as determined in accordance with the HAP Contract.

(ii) Low Income Units. A total of one hundred sixty (160) of the Available Units in the Project (excluding the manger's unit) shall be rented to and continuously occupied by households who qualify as Low-Income Tenants, with priority given to Existing Tenants. The monthly rent charged for all the Low Income Units, shall not exceed one-twelfth (1/12) of the amount obtained by multiplying thirty percent (30%) times sixty percent (60%) of the lower of City Median Income or the Median Income for the Area, less the utility allowance; provided however that the monthly rent charged for the Low Income Units receiving the Section 8 subsidy shall be as determined in accordance with the HAP Contract.

(iii) Income Restrictions Pursuant to the Code. Pursuant to the requirements of Section 142(d) of the Code, for the Qualified Project Period, not less than forty percent (40%) of the total number of completed units in the Project (excluding the manager's unit), or eighty-one (81) units, shall be designated as affordable units and during the Qualified Project Period shall be rented to and continuously occupied by Tenants whose Adjusted Income does not exceed sixty percent (60%) of the Median Income for the Area; provided, however, if all the occupants of a unit are students (as defined under Section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code or who fail to be described in Section 42(i)(3)(D) of the Code, such occupants shall not be Qualified Tenants pursuant to this sentence. The Owner shall satisfy the requirements of this Section 4(a)(iii) by complying with the requirements of Sections 4(a)(i) and 4(a)(ii) to the extent such compliance meets the requirements of Section 142(d)(1)(B) of the Code.

(iv) Income and Rent Restrictions Pursuant to the Housing Law. Pursuant to the requirements of Section 52080(a)(1)(B) of the Housing Law, for the Qualified Project Period, not less than forty percent (40%) of the total number of completed units in the Project (excluding the manager's unit), or eighty-one (81) units, shall be designated as affordable units and during the Qualified Project Period shall be rented to and continuously occupied by Tenants whose Adjusted Income does not exceed sixty percent (60%) of the Median Income for the Area; provided, however, that if all the occupants of a unit are students (as defined under Section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code or who fail to be described in Section 42(i)(3)(D) of the Code, such occupants shall not be Qualified Tenants pursuant to this sentence. Pursuant to the requirements of Section 52080(a)(1)(B) of the Housing Law, the monthly rent charged for such units shall not exceed (a) one-twelfth (1/12<sup>th</sup>) of the amount obtained by multiplying thirty percent (30%) times sixty (60%) of the Median Income for the Area, (b) less the utility allowance. The Owner shall satisfy the

requirements of this Section 4(a)(iv) by complying with the requirements of Sections 4(a)(i) and 4(a)(ii), to the extent such compliance meets the requirements of Section 52080(a)(1)(B) of the Housing Law.

(v) Income and Rent Restrictions in Event of Loss of Subsidy. If the project based rental assistance [or RAD Program rental assistance] being received by the Project is terminated or substantially reduced, the occupancy and rent restrictions set forth in Sections 4(a)(i) and (ii) may be altered, but only to the minimum extent required for the financial feasibility of the Project, as determined by the City in its reasonable discretion in accordance with substantially similar underwriting criteria used by the City to evaluate the Project's financial feasibility prior to the Closing Date, provided that, in any event, the units shall at all times be occupied by Tenants whose Adjusted Income does not exceed [sixty percent (60%) of Median Income for the Area and the monthly rent paid by such Tenants shall not exceed 30% of 60% of Median Income for the Area]; and provided, further, that a Very Low Income Tenant shall not be subject to eviction because of the loss of Section 8 tenant based or project-based rental assistance, other than through the action of the Very Low Income Tenant, including without limitation non-compliance with the terms and conditions of the tenant lease, so long as the Very Low Income Tenant continues to qualify as a Very Low Income Tenant and continues to pay the Tenant's portion of the rent permitted to be charged that Very Low Income Tenant pursuant to Section 4(a)(i) and is in compliance with all terms and conditions of such Very Low Income Tenant's lease. In such event, the City shall use good faith efforts to meet with Owner within fifteen (15) days after Owner's written request and determine any rent increase within sixty (60) days after Owner's initial written request to meet. The relief provided by this section shall not be construed as authorizing the Owner to exceed any income or rent restrictions imposed on the Project by CDLAC, CTCAC or other agreements, and the Owner represents and warrants that it shall have obtained any necessary approvals or relief from any other applicable income and rent limitations prior to implementing the relief provided by this Section.

(vi) CDLAC Requirements. To the extent the income and rent restrictions contained in the CDLAC Requirements are more restrictive than any of the foregoing requirements, the Owner shall comply with the CDLAC Requirements.

(vii) Restricted Units. Because all of the units in the Project (except the manager's unit) are required to be Restricted Units pursuant to Section 4(a) hereof, any Available Unit not required to be rented to an Existing Tenant must be rented to or held vacant for a Very Low Income or Low Income Tenant, as applicable.

(b) Over-Income Tenants. Notwithstanding the foregoing provisions of Section 4(a), no Tenant who satisfies the applicable income limit for a Restricted Unit, upon initial occupancy shall be denied continued occupancy of a Restricted Unit in the Project because, after admission, the aggregate Adjusted Income of all tenants in the Restricted Unit increases to exceed the qualifying limit for such Restricted Unit.

(c) Income Certifications. The Owner will obtain, complete and maintain on file Income Certification Forms for each Tenant (i) immediately prior to the initial occupancy of a Restricted Unit by such Tenant, and (ii) thereafter, annually, by completing the Income Certification Form together with such information, documentation and certifications as are

required therein or by the City, in its discretion, to substantiate the Tenant's income. In addition, the Owner will provide such further information as may be required in the future by the State, CDLAC, the City (on a reasonable basis), the Program Administrator and by the Act, Section 142(d) of the Code or the Regulations, as the same may be amended from time to time, and in such other form and manner as may be required by applicable rules, rulings, policies, procedures or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code.

(d) Certificate of Continuing Program Compliance. Upon the commencement of the Qualified Project Period, and on each February 1st thereafter (or such other date as shall be requested in writing by the City or the Program Administrator) during the term of this Regulatory Agreement, the Owner shall advise the Program Administrator of the status of the occupancy of the Project by delivering to the Program Administrator (with a copy to the Trustee) an executed Certificate of Continuing Program Compliance. The Owner shall also timely provide to the City such information as is requested by the City to comply with any reporting requirements applicable to it with respect to the Bonds or the Project under any federal or State law or regulation, including without limitation, CDLAC Regulations (Division 9.5 of Title 4 of the California Code of Regulations).

(e) Recordkeeping. The Owner will maintain complete and accurate records pertaining to the Restricted Units, and will permit any duly authorized representative of the City, the Program Administrator (if other than the City), the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Owner pertaining to the Project upon reasonable notice during normal business hours, including those records pertaining to the occupancy of the Restricted Units, but specifically excluding any material which may be legally privileged.

(f) Annual Certification to Secretary of Treasury. The Owner shall submit to the Secretary of the Treasury annually on or before March 31 of each year, or such other date as is required by the Secretary of the Treasury, a completed Internal Revenue Service Form 8703, and shall provide a copy of each such form to the Program Administrator and the Trustee. Failure to comply with the provisions of this Subsection will subject the Owner to penalty, as provided in Section 6652(j) of the Code.

(g) Lease Provisions Regarding Income Certification Reliance. All leases pertaining to Restricted Units do and shall contain clauses, among others, wherein each Tenant who occupies a Restricted Unit: (i) certifies the accuracy of the statements made in the Income Certification Form, (ii) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such Tenant, that such Tenant will comply promptly with all requests for information with respect thereto from the Owner or the Program Administrator on behalf of the City, and that the failure to provide accurate information in the Income Certification Form or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such Tenant; (iii) acknowledges that the Owner has relied on the Income Certification Form and supporting information supplied by the Tenant in determining qualification for occupancy of the Restricted Unit, and that any material misstatement in such certification (whether intentional or otherwise)



will be cause for immediate termination of such lease or rental agreement; and iv) agrees that the Tenant's income is subject to annual certification in accordance with Section 4(c) hereof and that failure to cooperate with the annual recertification process reasonably instituted by the Owner pursuant to Section 4(c) may provide grounds for termination of the lease.

(h) Maintenance of Tenant Lists and Applications. All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business which is unrelated to the Project and shall be maintained, as required from time to time by the Program Administrator on behalf of the City, in a reasonable condition for proper audit and subject to examination during normal business hours by representatives of the Project, the City or the Trustee. Failure to keep such lists and applications or to make them available to the City or the Trustee shall be a default hereunder.

(i) Tenant Lease Subordination. All tenant leases or rental agreements shall be subordinate to this Regulatory Agreement.

(j) No Encumbrance, Demolition or Non-Rental Residential Use. The Owner shall not take any of the following actions:

(i) Except for the Permitted Encumbrances or as otherwise previously approved by the City, encumber any portion of the Project or grant commercial leases of any part thereof or permit the conveyance, transfer or encumbrance of any part of the Project (except for apartment leases), except (a) pursuant to the provisions of this Regulatory Agreement and on a basis subordinate to the provisions of this Regulatory Agreement, to the extent applicable, (b) upon receipt by the Owner, the Trustee and the City of an opinion of Tax Counsel that such action will not adversely affect the Tax-Exempt status of interest on the Bonds, or (c) upon a sale, transfer or other disposition of the Project in accordance with the terms of this Regulatory Agreement;

(ii) demolish any part of the Project or substantially subtract from any real or personal property of the Project (other than in the ordinary course of business); or

(iii) permit the use of the dwelling accommodations of the Project for any purpose except rental residences.

(k) Compliance with Regulatory Agreement. The Owner shall exercise reasonable diligence to comply or cause compliance with the requirements of this Regulatory Agreement and shall notify the City within fifteen (15) days and correct any noncompliance within sixty (60) days after such noncompliance is first discovered by the Owner or would have been discovered by the exercise of reasonable diligence, unless such noncompliance is not reasonably susceptible to correction within sixty (60) days, in which event the Owner shall have such additional time as may be reasonably necessary to effect such correction provided the Owner has commenced such correction after discovery and is diligently prosecuting such correction and is keeping the City updated on its progress.

5. Additional Requirements of the City.

(a) Minimum Lease Term. The term of the lease for any Restricted Unit shall not be less than one (1) year.

(b) Limitation on Rent Increases. Annual rent increases on a Restricted Unit shall be limited to the percentage of the annual increase in the lower of the City Median Income or the applicable Median Income for the Area for that Restricted Unit. Rent increases which are permitted but not made in a given year may not be carried forward and made in any subsequent year.

(c) Appointment of Program Administrator. The Owner acknowledges that the City may appoint a Program Administrator (other than the City), at the sole cost and expense of the City, to administer this Regulatory Agreement and to monitor performance by the Owner of the terms, provisions and requirements hereof. In such event, the Owner shall comply with any reasonable request by the City and the Program Administrator to deliver to any such Program Administrator, in addition to or instead of the City, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection during normal business hours with reasonable notice by the Program Administrator as an agent of the City. The City may change the Program Administrator at its sole and exclusive discretion. The Owner shall have the right to rely on any consent or direction given by the Program Administrator on the same basis as if given by the City.

(d) Management Agent. The Owner shall not enter into any agreement providing for the management or operation of the Project with any party other than Sequoia Living, Inc., a [California nonprofit public benefit] corporation, without the prior written consent of the City, which consent shall not be unreasonably withheld or delayed.

(e) Preference In City Affordable Housing Programs. To the fullest extent permitted by law, the Owner shall comply with the City's Preference in City Affordable Housing Programs pursuant to San Francisco Administrative Code Section 47.1, *et seq.* and the Operational Rules attached hereto as Exhibit J, to the extent such compliance is not in conflict with any other requirements imposed on the Project pursuant to Sections 42 and 142(d) of the Code, the Act, the CDLAC Resolution, CTCAC negotiations or other Federal or State law.

(f) Nondiscrimination Based on Section 8, Household Size, or Source of Income. The Owner shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act, or any successor program or similar federal, State or local governmental assistance program. The Owner shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants and the Owner shall not refuse to rent to any tenant on the basis of household size as long as such household size does not exceed two (2) persons for a studio unit; three (3) persons for a one-bedroom unit; five (5) persons for a two-bedroom unit and seven (7) persons for a three-bedroom unit. The Owner shall not collect any additional fees or payments from such a tenant except security deposits or other deposits required of all tenants. The Owner shall not collect security deposits or other deposits from Section 8 certificate or voucher holders in excess of that allowed under the Section 8 program. The Owner shall not discriminate against tenant applicants on the basis of legal source of income (e.g., TANF, Section 8 or SSI), and the Owner

shall consider a prospective tenant's previous rent history of at least one year as evidence of the ability to pay the applicable rent (i.e., ability to pay shall be demonstrated if such a tenant can show that the same percentage or more of the tenant's income has been consistently paid on time for rent in the past as will be required to be paid for the rent applicable to the unit to be occupied, provided that such tenant's expenses have not increased materially). Further, Owner shall comply with all notice provisions set forth in the Housing Act prior to terminating any lease. The Owner acknowledges that (i) federal notice requirements under the Housing Act are distinct from those under State law or City law and the Owner shall comply with all federal, State and local laws in connection with any such notice requirements, and (ii) compliance with the law of one jurisdiction shall not be deemed compliance with the laws of all jurisdictions.

(g) Over-income Provisions after Expiration of Qualified Project Period. Notwithstanding the provisions of Subsection 4(b), from and after the expiration of the Qualified Project Period, in the event that Owner's certification of the Qualified Tenant's income, pursuant to Subsection 4(c), indicates that the Qualified Tenant's income exceeds one hundred twenty percent (120%) of the lower of the City Median Income or the Median Income for the Area, the Owner shall terminate such lease upon one hundred twenty (120) days prior written notice to the Tenant, and the lease for each Restricted Unit shall contain a statement to the foregoing effect. Notwithstanding the foregoing, the Owner shall not be required to terminate the Qualified Tenant's lease if any regulation or statute governing the Project or the financing thereof prohibits the termination of the Tenant's lease in this manner.

(h) Consideration for Restrictions. It is hereby acknowledged and agreed that any restrictions imposed on the operation of the Project herein and which are in addition to those imposed pursuant to Section 142(d) of the Code or the Act are agreed to by the Owner, in consideration of financial assistance from the City.

(i) Amendment or Waiver by City; Conflicting Provisions. The requirements of Section 4(a)(i) and (ii) and of Section 5 hereof may be amended, modified or waived (but not increased or made more onerous), at the City's sole discretion, by written amendment signed by the City and the Owner, or expressly waived by the City in writing, but no such waiver by the City shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the City and the Trustee have received an opinion of Tax Counsel to the effect that any such provision is not required by the Code or the Act and may be waived without adversely affecting the Tax-Exempt status of interest on the Bonds. Any requirement of Section 4(a)(i) and (ii) or Section 5 shall be void and of no force and effect if the City, the Trustee and the Owner receive a written opinion of Tax Counsel to the effect that compliance with such requirement would be in conflict with the Act or any other applicable state or federal law.

(j) Extension of Qualified Project Period. Notwithstanding any other provision herein, the Qualified Project Period shall not expire earlier than, and the requirements of this Section 5 shall be in effect until the date that is the later of (i) seventy-five (75) years from the Closing Date or (ii) the end of the Life of the Project, provided however that if the Life of the Project is less than 75 years due to casualty than the term of the Life of the Project controls; provided that certain provisions shall survive and remain in full force and effect following the end of the Qualified Project Period, as specified in Section 12 hereof.

(k) Marketing and Tenant Selection Plan. Owner will market the Restricted Units in accordance with the Marketing and Tenant Selection Plan approved by the City, which shall be substantially in the form attached hereto as Exhibit K.

(l) Annual Reporting. Owner must file with the City annual reports (the "Annual Monitoring Report") no later than one hundred twenty (120) days after the end of Owner's fiscal year. The Annual Monitoring Report must be in substantially the form attached as Exhibit I as may be updated by the City from time to time. Thereafter and for the remainder of the Life of the Project, the Owner shall maintain sufficient records of the information generally requested in the Annual Monitoring Report.

6. [Reserved].

7. Additional Requirements of State Law. In addition to the requirements set forth herein pursuant to Section 52080 of the Housing Law, the Owner hereby agrees that it shall also comply with each of the following requirements in each case for the Term of this Regulatory Agreement, including the following:

(a) Tenants Under Section 8 of the Housing Act. The Owner shall accept as tenants, on the same basis as all other prospective tenants, low-income persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act, and shall not permit any selection criteria to be applied to Section 8 certificate or voucher holders that is more burdensome than the criteria applied to all other prospective tenants.

(b) Availability on Priority Basis. The Restricted Units shall remain available on a priority basis for occupancy at all times by Qualified Tenants.

(c) Binding Covenants and Conditions. The covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Owner.

(d) Recordation of Regulatory Agreement. This Regulatory Agreement shall be recorded in the office of the county recorder of the City and County of San Francisco, California, and shall be recorded in the grantor-grantee index under the name of the Owner as grantor and to the name of the City as grantee.

(e) Restricted Income Units of Comparable Quality. The Restricted Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units which are available to other tenants and shall be distributed throughout the Project. Notwithstanding the foregoing, the parties agree that this Section 7(e) shall have no practical effect because one hundred percent (100%) of the units (excluding the manager's units) in the Project are required to be Restricted Units pursuant to Section 4(a).

(f) Availability Following Expiration of Qualified Project Period. Following the expiration or termination of the Qualified Project Period, except in the event of foreclosure or prepayment of the Bonds, assignment of the fee interest in the Project in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units reserved for occupancy as required by Subsection 4(a)(iii) shall remain available to any eligible Tenant

occupying a Restricted Unit at the date of such expiration or termination, at the rent determined by Subsection 4(a)(iii), until the earliest of (i) the household's income exceeds one hundred-forty percent (140%) of the maximum eligible income specified therein except as specified in Subsection 5(g), (ii) the household voluntarily moves or is evicted for good cause, as defined in the Housing Law, (iii) seventy-five (75) years after the date of the Commencement of the Qualified Project Period, and (iv) the Owner pays the relocation assistance and benefits to households if required by, and as provided in, Section 7264(b) of the California Government Code.

(g) Availability Preceding Expiration of Qualified Project Period. During the three (3) years prior to the expiration of the Qualified Project Period, the Owner shall continue to make available to Qualified Tenants Restricted Units that have been vacated to the same extent that non-Restricted Units, if any, are made available to non-eligible households.

(h) Notice and Other Requirements. The Owner shall comply with all applicable requirements of Section 65863.10 of the California Government Code, including the requirements for providing notices in Sections (b), (c), (d) and (e) thereof, and shall comply with all applicable requirements of Section 65863.11 of the California Government Code.

(i) Syndication of the Project. As provided in Section 52080(e) of the Housing Law, the City hereby approves the syndication of tax credits with respect to the Project, pursuant to Section 42 of the Code, to the Investor Limited Partner, or any affiliate thereof or successor thereto, pursuant to the terms of the Partnership Agreement. Any subsequent syndication of tax credits with respect to the Project to an affiliate of the Investor Limited Partner shall not require the prior written approval of the City so long as the Partnership Agreement will not be amended, modified or supplemented other than in connection with such syndication, except to reflect such transfer or limited partner interests and other non-material corrections or adjustments; provided, however, that the Owner shall provide to the City, at least five (5) business days prior to the effective date of any such subsequent syndication, written notice of such syndication certifying that no amendment, modification or supplement to the Partnership Agreement will be effected in connection with such syndication except to the extent necessary to reflect such syndication, together with copies of any assignments of limited partnership interests and any other syndication documents. Any other syndication of the Project shall be subject to the prior written approval of the Director of the Mayor's Office of Housing and Community Development of the City, which approval shall be granted only after the City determines that the terms and conditions of such syndication (i) shall not reduce or limit any of the requirements of the Act or regulations adopted or documents executed pursuant to the Act, (ii) shall not cause any of the requirements of the City set forth in this Section 7 to be subordinated to the syndication agreement, and (iii) shall not result in the provision of fewer Restricted Units, or the reduction of any benefits or services, than were in existence prior to the syndication.

8. Indemnification. The Owner hereby releases the City and the Trustee and their respective officers, members, directors, officials and employees from, and covenants and agrees to indemnify, hold harmless and defend the City and the Trustee and the officers, members, directors, officials, agents and employees of each of them (collectively, the "Indemnified Parties," and each an "Indemnified Party") from and against any and all claims, losses, costs, damages, demands, expenses, taxes, suits, judgments, actions and liabilities of whatever nature, joint and several (including, without limitation, costs of investigation, reasonable attorneys' fees and

expenses, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments), directly or indirectly (a) by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated hereby or otherwise in connection with the Project, the Bond Loans or the use thereof, or the execution or amendment of any document relating thereto; (b) arising from any cause whatsoever in connection with the approval of financing for the Project or the making of the Bond Loans or "Financing Agreement; (c) arising from any act or omission of the Owner or any of its agents, servants, employees or licensees, in connection with the Bond Loans or the Project; (d) arising in connection with the issuance and sale, resale or reissuance of any note or, bond, including any secondary market transaction with respect thereto, or any certifications or representations made by any person other than the City or the party seeking indemnification in connection therewith and the carrying out by the Owner of any of the transactions contemplated by the Financing Agreement, the Indenture and this Regulatory Agreement; (e) arising in connection with the operation and management of the Project, or the conditions, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation, or rehabilitation of, the Project or any part thereof; and (f) arising out of or in connection with the exercise by the City or the Trustee of their powers or duties under the Financing Agreement, the Indenture, this Regulatory Agreement or any other agreements in connection therewith to which either of them is a party; provided, however, that this provision shall not require the Owner to indemnify (i) the Trustee from any claims, costs, fees, expenses or liabilities arising from the negligence or willful misconduct of the Trustee, or (ii) the City for any claims, costs, fees, expenses or liabilities arising solely from the willful misconduct of the City. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Owner, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the engagement of counsel selected by the Indemnified Party; and the Owner shall assume the payment of all reasonable fees and expenses related thereto (provided however that if the Indemnified Party is the City, the selection of the counsel rests in the sole discretion of the City Attorney and the Owner shall assume the payment of all attorneys' fees and expenses related thereto), with full power to litigate, compromise or settle the same in its discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Notwithstanding the foregoing, no indemnification obligation shall give rise to an obligation to pay principal and interest in the Loan, which is not otherwise set forth in the Indenture, the Financing Agreement, the Bonds or any other agreement relating to the Bonds.

Additionally, the Owner also shall pay and discharge and shall indemnify and hold harmless the City and the Trustee from (i) any lien or charge upon payments by the Owner to the City and the Trustee hereunder and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the City or the Trustee shall give prompt notice to the Owner, and the Owner shall have the sole right and duty to assume, and will assume, the defense thereof, including the engagement of counsel approved by the Indemnified Party, and the payments of all reasonable fees and expenses related thereto, provided that if the Indemnified Party is the City, the selection of counsel rests in the sole discretion of the City Attorney, and the Owner shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its discretion; provided that the Indemnified

Party shall have the right to review and approve or disapprove any such compromise or settlement. If a potential conflict exists between the Owner's defense and the interests of an Indemnified Party, then such Indemnified Party shall have the right to engage separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Owner shall pay the reasonable fees and expenses (and in the case of the City, all such fees and expenses) of such separate counsel.

Notwithstanding any transfer of the Project to another Owner in accordance with the provisions of Section 11 of this Regulatory Agreement, the Owner shall remain obligated to indemnify the City pursuant to this Section 8 if such subsequent Owner fails to so indemnify the City, unless at the time of transfer the City has consented to the transfer to the extent such consent is required hereunder.

The provisions of this Section 8 shall survive the term of the Bonds and this Regulatory Agreement including the termination of this Regulatory Agent pursuant to the second paragraph of Section 12 herein.

The obligations of the Owner under this Section are independent of any other contractual obligation of the Owner to provide indemnity to the Indemnified Parties or otherwise, and the obligation of the Owner to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Owner. The Indemnified Parties shall be entitled simultaneously to seek indemnity under this Section and any other provision under which they are entitled to indemnification.

In addition thereto, the Owner will pay upon demand all of the fees and expenses paid or incurred by the Indemnified Parties in enforcing the provisions hereof.

9. Consideration. The City has issued the Bonds and made the Bond Loans to provide funds for the purpose of financing the Project, all for the purpose, among others, of inducing the Owner to acquire, rehabilitate, equip and operate the Project. In consideration of the making of the Bond Loans by the City, the Owner has entered into this Regulatory Agreement and has agreed to restrict the use of the Project on the terms and conditions set forth herein.

10. Reliance. The City and the Owner hereby recognize and agree that the representations, warranties, covenants and agreements set forth herein may be relied upon by all persons interested in the legality and validity of the Bonds, and in the Tax-Exempt status of the interest on the Bonds. In performing its duties and obligations hereunder, the City may rely upon statements and certificates of the Owner and the Tenants and upon audits of the books and records of the Owner pertaining to the Project. In addition, the City may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the City hereunder in good faith and in conformity with such opinion.

11. Sale or Transfer of the Project. The Owner intends to hold the Project for its own account, has no current plans to sell, transfer or otherwise dispose of the Project, (except in accordance with the Buyout Option and Right of First Refusal described in the Partnership Agreement) and, except as otherwise provided herein, hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant

use as contemplated hereunder or pursuant to the aforementioned Buyout Option and Right of First Refusal) or interest therein, including any interest in the Owner, without obtaining the prior written consent of the City, which consent shall not be unreasonably withheld, and receipt by the City of (i) evidence satisfactory to the City that the Owner's purchaser or transferee has assumed in writing and in full, the Owner's duties and obligations under this Regulatory Agreement, (ii) an opinion of counsel of the transferee that the transferee has duly assumed the obligations of the Owner under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee, (iii) evidence acceptable to the City that either (A) the purchaser or assignee has experience in the ownership, operation and management of rental housing projects in the City such as the Project without any record of material violations of discrimination restrictions or other state or federal laws or regulations applicable to such projects, or (B) the purchaser or assignee agrees to retain a property management firm with the experience and record described in subparagraph (A) above or (C) if the purchaser or assignee does not have management experience, the City may cause the Program Administrator to provide on-site training in program compliance if the City determines such training is necessary, (iv) evidence satisfactory to the City that no event of default exists under this Regulatory Agreement, the Financing Agreement or any document related to the Bond Loans, and payment of all fees and expenses of the City and the Trustee due under any of such documents is current, and (v) an opinion of Tax Counsel to the effect that such transfer will not, in itself, cause interest on the Bonds to become includable in the gross income of the recipients thereof for federal income tax purposes except to the extent held by a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code. It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 11 shall be null, void and without effect, shall cause a reversion of title to the Owner, and shall be ineffective to relieve the Owner of its obligations under this Regulatory Agreement. Nothing in this Section 11 shall affect any provision of any other document or instrument between the Owner and any other party which requires the Owner to obtain the prior written consent of such other party in order to sell, transfer or otherwise dispose of the Project. Not less than sixty (60) days prior to consummating any sale, transfer or disposition of any interest in the Project, the Owner shall deliver to the City a notice in writing explaining the nature of the proposed transfer and providing relevant information regarding the proposed transfer.

Notwithstanding the foregoing, the provisions of this Section 11 shall not apply to the transfer of all or any portion of (a) the limited partner interest of the Investor Limited Partner in the Owner (which is instead subject to the terms of Section 7(i)), and (b) the General Partner interest to an affiliate of the General Partner.

12. Term. Subject to the following paragraph of this Section 12, Section 8 hereof and any other provision expressly agreed herein to survive the termination of this Regulatory Agreement, this Regulatory Agreement and all of the terms hereof shall become effective upon its execution and delivery and shall remain in full force and effect for the Qualified Project Period.

The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement shall terminate and be of no further force and effect in the event of (i) involuntary noncompliance with the provisions of this Regulatory Agreement caused by events such as fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date, which prevents the City from enforcing such provisions, or (ii) foreclosure, exercise of power of sale, transfer of title by deed in lieu of foreclosure, or condemnation or a similar event, but only if,



in case of the events described in either clause (i) or (ii) above, within a reasonable period, either the Bonds are redeemed in full or amounts received as a consequence of such event are used to provide a project that meets the requirements hereof; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure, exercise of power of sale, or the delivery of deed to the Project in lieu of foreclosure or a similar event, the Owner or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for federal income tax purposes. The Owner hereby agrees that, following any foreclosure, exercise of power of sale, transfer of title by deed or assignment of fee interest in the Project in lieu of foreclosure or similar event, neither the Owner nor any such related person as described above will obtain an ownership interest in the Project for federal tax purposes. Notwithstanding any other provisions of this Regulatory Agreement to the contrary, this entire Regulatory Agreement, or any of the provisions or sections hereof, may be terminated upon agreement by the City and the Owner subject to compliance with any of the provisions contained in this Regulatory Agreement only if there shall have been received by the City an opinion of Tax Counsel that such termination will not adversely affect the Tax-Exempt status of the interest on the Bonds or the exemption from State personal income taxation of the interest on the Bonds. The Owner shall provide written notice of any termination of this Regulatory Agreement to the City in the event of the occurrence of any of the events described in clause (i) above.

Upon the expiration or termination of this Regulatory Agreement or certain terms hereof, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of said expired or terminated terms; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

13. Covenants to Run with the Land. The Owner hereby subjects the Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The City and the Owner hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Owner's successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire except those terms which are expressly intended to survive after termination. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. No breach of any of the provisions of this Regulatory Agreement shall defeat or render invalid the lien of a mortgage made in good faith and for value encumbering the Site.

14. Burden and Benefit. The City and the Owner hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Owner's legal interest in the Project is rendered less valuable thereby. The City and the Owner hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income

and Very Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bonds were issued.

15. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Site.

16. Enforcement. If the Owner defaults in the performance or observance of any covenant, agreement or obligation of the Owner set forth in this Regulatory Agreement, and if such default remains uncured for a period of sixty (60) days (the "Cure Period") after written notice thereof shall have been given by the City to the Owner and the Investor Limited Partner (and a copy of such notice shall also be given to the Trustee, provided however that the failure of the City to provide such copy to the Trustee shall have no effect on the sufficiency of the notice to the Owner), the City may, as its sole option, extend the Cure Period (provided, however, that the City may at its sole option extend such period if the default is of the nature which would reasonably require more than 60 days to cure and if the Owner provides the City, if requested by the City, with an opinion of Tax Counsel to the effect that such extension will not adversely affect the Tax-Exempt status of interest on the Bonds). Upon the expiration of the Cure Period, as the same may be extended or aforesaid, then the City may declare an "event of default" to have occurred hereunder, and, subject to the provisions of the Financing Agreement, may take any one or more of the following steps:

(a) by mandamus or other suit, action or proceeding at law or in equity, require the Owner to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the City hereunder; or

(b) have access to and inspect, examine and make copies of all of the books and records of the Owner pertaining to the Project; or

(c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Owner hereunder.

Notwithstanding anything contained in this Regulatory Agreement to the contrary, the City agrees that any cure of any default made or tendered by the Investor Limited Partner shall be deemed to be a cure by the Owner and shall be accepted or rejected on the same basis as if made or tendered by the Owner.

17. Recording and Filing. The Owner shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the City and County of San Francisco and in such other places as the City may reasonably request. The Owner shall pay all fees and charges incurred in connection with any such recording.

18. Payment of Fees. Notwithstanding any prepayment of the Financing Agreement and notwithstanding a discharge of the Financing Agreement or the Bonds, the Owner shall continue to pay the City's annual administrative fee as calculated and described below. Upon the occurrence of an event of default hereunder, the Owner shall continue to pay to the City

compensation for any services rendered by it hereunder and reimbursement for all expenses incurred by it in connection therewith.

The Owner shall pay to the City (i) an initial issuance fee of \$\_\_\_\_\_ (which is equal to one quarter of one percent (0.25%) of the par amount of the Bonds) and (ii) an annual administrative fee not to exceed one-eighth of one percent (0.125%) of the highest principal amount of the Bonds outstanding during the 12-month period immediately preceding the time payment is due, but no less than \$2,500, payable on the Closing Date and, thereafter, on each anniversary date of the Closing Date thereafter during the term of this Regulatory Agreement. The first annual administrative fee is \$\_\_\_\_\_. The total payments of the Owner due to the City on the Closing Date shall be \$\_\_\_\_\_.

In case any action at law or in equity, including an action for declaratory relief, is brought against the Owner to enforce the provisions of this Regulatory Agreement, the Owner agrees to pay attorney's fees and other reasonable expenses incurred by the City, the Trustee, CDLAC and/or the Program Administrator in connection with such action.

19. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California.

20. Amendments. To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Tax Counsel filed with the City, the Trustee and the Owner, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement which must be complied with in order to maintain the Tax-Exempt status of interest on the Bonds, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements. Otherwise, this Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the City and County of San Francisco, California provided that any amendment to the CDLAC Requirements shall also be subject to the consent of CDLAC, and provided further, that any amendment to Sections 3 and 4 thereof shall require an opinion of Tax Counsel filed with the City, the Trustee, and the Owner, to the effect that such amendment will not adversely affect the Tax-Exempt status of interest on the Bonds.

21. City Contracting Provisions. The Owner covenants and agrees to comply with the provisions set forth in Exhibit H to this Regulatory Agreement, which are incorporated in and made a part of this Regulatory Agreement by this reference.

22. Notice. All notices, certificates or other communications shall be sufficiently given and shall be deemed given on the date personally delivered, or given by telecopier (with proof of transmission and promptly confirmed by mail in the manner described under this Section), or on the second day following the date on which the same have been mailed by first class mail, postage prepaid or the business day following delivery by a recognized overnight delivery service, addressed as follows:

If to the City:	<p>City and County of San Francisco  City Hall, 1 Dr. Carlton B. Goodlett Place, Room 316  San Francisco, California 94102  Attention: City Controller</p>
With copies to: (None of which copies shall constitute notice)	<p>City and County of San Francisco  City Hall, 1 Dr. Carlton B. Goodlett Place, Room 140  San Francisco, California 94102  Attention: City Treasurer</p> <p>City and County of San Francisco  Mayor's Office of Housing  1 South Van Ness Avenue, 5th Floor  San Francisco, California 94103  Attention: Director</p> <p>Office of the City Attorney  City Hall, 1 Dr. Carlton B. Goodlett Place, Room 234  San Francisco, California 94102  Attention: Finance Team</p>
If to the Owner:	<p>Eastern Park Apartments, L.P.  c/o Sequoia Living  1525 Post Street  San Francisco, California 94109-6567  Attention: President and CEO  Email: <a href="mailto:smcvey@SequoiaLiving.org">smcvey@SequoiaLiving.org</a></p>
With a copy to (which copy shall not constitute notice):	<p>Gubb &amp; Barshay  505 14<sup>th</sup> Street, Suite 450  Oakland, California 94612  Attention: Scott Barshay, Esq.  Email: <a href="mailto:sbarshay@gubbandbarshay.com">sbarshay@gubbandbarshay.com</a></p>
If to the Investor Limited Partner:	<p>Wincopin Circle LLLP  c/o Enterprise Community Asset Management, Inc.  70 Corporate Center  11000 Broken Land Parkway, Suite 700  Columbia, Maryland 21044  Attention: Asset Management  Email: <a href="mailto:sshack@enterprisecommunity.com">sshack@enterprisecommunity.com</a></p>

With a copy to (which copy shall not constitute notice):  
Gallagher Evelius & Jones LLP  
218 North Charles Street, Suite 400  
Baltimore, Maryland 21201  
Attn: Kenneth S. Gross

If to the Trustee: {TRUSTEE}

With a copy to (which copy shall not constitute notice):

Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent.

23. Interpretation; Severability. The parties to this Regulatory Agreement acknowledge that each party and their respective counsel have participated in the drafting of this Regulatory Agreement. Accordingly, the parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Regulatory Agreement or any supplement or exhibit hereto.

24. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

25. Multiple Counterparts. This Regulatory Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

26. Third-Party Beneficiaries. The parties to the Regulatory Agreement recognize and agree that the terms of this Regulatory Agreement and the enforcement of those terms are entered into for the benefit of various parties, including CDLAC. The parties hereto acknowledge that CDLAC and the Trustee is intended to be third-party beneficiaries of this Regulatory Agreement. CDLAC shall accordingly have contractual rights in this Regulatory Agreement and shall be entitled (but not obligated) to enforce, in accordance with Section 16 hereof, the terms hereof and the terms of the CDLAC Resolution. Notwithstanding the above, solely CDLAC shall be entitled to enforce the terms of the CDLAC Resolution.

Pursuant to Section 52080(k) of the Housing Law, the provisions of Sections 4(a) and Section 6 hereof may be enforced either in law or in equity by any resident, local agency, entity, or by any other person adversely affected by the Owner's failure to comply with that Section.

27. CDLAC Requirements. In addition to the other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 2 through 6 hereof, the Owner hereby agrees: i) to comply with the CDLAC Resolution; ii) that the acquisition, rehabilitation and operation of the Project, and the financing thereof, is and shall be in compliance with the conditions set forth in Exhibit A (“CDLAC Requirements”) to CDLAC Resolution No.19-040 adopted on March 20, 2019 and revised on \_\_\_\_\_, 2019 attached hereto as Exhibit F (the “CDLAC Resolution”), which CDLAC Requirements are incorporated herein by this reference; and iii) that the Owner will cooperate fully with the City in connection with the City’s monitoring and reporting requirements as provided herein. Compliance with the terms of the CDLAC Requirements not contained within this Regulatory Agreement, but referred to in the CDLAC Requirements, are the responsibility of the Owner to report to the City.

After the Bonds are executed and delivered, the terms and conditions set forth in the CDLAC Resolution shall be enforceable by CDLAC (or in its sole discretion the City) through an action for specific performance or any other available remedy. In addition, after the Bonds are issued, changes to Items #1, #6, #7, #10 thru #12, #14 thru #16, #18 thru #26 (that are applicable), and #37 of the CDLAC Requirements require CDLAC’s Committee or Executive Director’s approval (or as otherwise required by CDLAC) and changes to item #2, #13, #17, #27, and #39 thru #41 (that are applicable) of the CDLAC Requirements cannot be altered. Changes to Items #3 thru #5 of Exhibit A of the CDLAC Resolution require no CDLAC Committee or Executive Director’s approval but any alterations must be reported to CDLAC staff for the affordability period. Changes to Items #8 and #9 of the CDLAC Requirements require no CDLAC notification and changes to Items #28 thru #36 and #38 (that are applicable) of the CDLAC Requirements require CDLAC Committee or Executive Director’s approval only prior to the Project being Placed in Service by the CTCAC. Compliance with the terms of the CDLAC Requirements not specifically set forth in the Regulatory Agreement are the responsibility of the Owner to report to the City.

Annually, on February 1<sup>st</sup>, until rehabilitation of the Project has been completed and the Owner has submitted to the City the Certificate of Completion, and thereafter on February 1<sup>st</sup> every three years, the Owner shall prepare and submit to the City a Certificate of Compliance II in substantially the form attached hereto as Exhibit G (or as otherwise required by CDLAC), executed by an Authorized Owner Representative.

Any of the foregoing requirements of CDLAC contained in this Section 27 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver of CDLAC of any requirement of this Section 27 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement, except to the extent that the City has received an opinion of Tax Counsel that any such provision is not required by the Act or the Code and may be waived without adversely affecting the exclusion from gross income of interest on the Bonds for federal income tax purposes; and (ii) any requirement of this Section 27 shall be void and of no force and effect if the City and the Owner receive a written opinion of Tax Counsel to the effect that compliance with any such requirement would cause interest on the Bonds to cease to be Tax-Exempt or to the effect that any compliance with such requirement would be in conflict with the Act, the Code or any other state or federal law.

29. California Debt and Investment Advisory Commission Reporting Requirements. No later than January 31 of each calendar year (commencing January 31, 2019), the Owner, on behalf of the City, agrees to provide the California Debt and Investment Advisory Commission, by any method approved by such Commission, with a copy to the City, the annual report information required by Section 8855(k)(1) of the California Government Code. This covenant shall remain in effect until the later of the date (i) the Bonds are no longer outstanding or (ii) the proceeds of the Bonds have been fully spent.

29. Fannie Mae Rider. The Fannie Mae Rider to Regulatory Agreement (the “Fannie Mae Rider”) attached to this Regulatory Agreement as Exhibit L forms an integral part of this Regulatory Agreement and the terms thereof are hereby incorporated into this Regulatory Agreement, provided that the Fannie Mae Rider shall not be effective unless and until Conversion (as defined in the Indenture) occurs.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the City and the Owner have executed this Regulatory Agreement by their duly authorized representatives, all as of the date first written hereinabove.

CITY AND COUNTY OF SAN FRANCISCO

By: \_\_\_\_\_  
Director  
Mayor's Office of Housing and Community  
Development

Approved as to Form:  
DENNIS J. HERRERA  
City Attorney

By \_\_\_\_\_  
Kenneth David Roux  
Deputy City Attorney

[Signatures continue on following page.]



OWNER:

EASTERN PARK APARTMENTS, L.P.,  
a California limited partnership

By: Sequoia Living EPA LLC,  
a California limited liability company,  
its general partner

By: Sequoia Living, Inc.,  
a California nonprofit public benefit corporation,  
its sole member/manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )  
 ) ss.  
 COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_, Notary Public,  
 (Print Name of Notary Public)

personally appeared \_\_\_\_\_

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
 Signature of Notary Public

**OPTIONAL**

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

**CAPACITY CLAIMED BY SIGNER**

**DESCRIPTION OF ATTACHED DOCUMENT**

- Individual
- Corporate Officer

- Partner(s)  Limited  General
- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other: \_\_\_\_\_

Signer is representing:  
 Name Of Person(s) Or Entity(ies)

\_\_\_\_\_  
 Title(s)

\_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
 Title Or Type Of Document

\_\_\_\_\_  
 Number Of Pages

\_\_\_\_\_  
 Date Of Documents

\_\_\_\_\_  
 Signer(s) Other Than Named Above

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )  
 ) ss.  
 COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_, Notary Public,  
 (Print Name of Notary Public)

personally appeared \_\_\_\_\_

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
 Signature of Notary Public

**OPTIONAL**

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

**CAPACITY CLAIMED BY SIGNER**

**DESCRIPTION OF ATTACHED DOCUMENT**

- Individual
- Corporate Officer

\_\_\_\_\_  
 Title(s)

- Partner(s)  Limited  General
- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other: \_\_\_\_\_

Signer is representing:  
 Name Of Person(s) Or Entity(ies)

\_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
 Title Or Type Of Document

\_\_\_\_\_  
 Number Of Pages

\_\_\_\_\_  
 Date Of Documents

\_\_\_\_\_  
 Signer(s) Other Than Named Above

**EXHIBIT A**

**LEGAL DESCRIPTION OF THE SITE**

All that certain real property situated in the City and County of San Francisco, State of California, more particularly described as follows:

APN/Parcel ID: Lot – 014; Block - 0742

**EXHIBIT B**

**INCOME CERTIFICATION FORM**

A current version of the CTCAC form may be downloaded from the State Treasurer's website at the following link: <http://www.treasurer.ca.gov/ctcac/compliance/tic.pdf>.

**EXHIBIT C**

**COMPLETION CERTIFICATE**

CITY AND COUNTY OF SAN FRANCISCO  
Mayor's Office of Housing and Community Development  
1 South Van Ness Avenue, 5th Floor  
San Francisco, California 94103  
Attention: Director

*Re: City and County of San Francisco, California  
Multifamily Tax-Exempt Mortgage Backed Bonds (M.TEBS)  
(Eastern Park Apartments) Series 2019J  
and  
City and County of San Francisco, California  
Multifamily Housing Revenue Bonds  
(Eastern Park Apartments) Series 2019K*

The undersigned (the "Owner") hereby certifies that all aspects of the rehabilitation of the Project (as that term is used in the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of December 1, 2019, by and between the City and County of San Francisco and the Owner (the "Regulatory Agreement")) were substantially completed and the Project was fully available for occupancy by tenants in the Project as of \_\_\_\_\_, 20\_\_ (the "Completion Date"). Capitalized terms not defined herein shall have the meaning ascribed to them under the Regulatory Agreement.

The undersigned hereby certifies that:

(a) the aggregate amount disbursed on the Bond Loans to date is \$ \_\_\_\_\_; and

(b) all amounts disbursed on the Bond Loans have been applied to pay or reimburse the undersigned for the payment of Project Costs and none of the amounts disbursed on the Bond Loans has been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs; and

(c) as shown on the attached sheet (showing the breakdown of expenditures for the Project and the source of the funds which were used to pay such costs), in compliance with Subsection 2(i) of the Regulatory Agreement at least ninety-five percent (95%) of the amounts disbursed on the Bond Loans have been applied to pay or reimburse the Owner for the payment of Qualified Project Costs. Furthermore, less than twenty-five percent (25%) of the amounts disbursed on the Bond Loans, exclusive of amounts applied to pay the costs of issuing the Bonds, have been applied to pay or reimburse the Owner for the cost of acquiring land.

Date: \_\_\_\_\_, 20\_\_\_\_

EASTERN PARK APARTMENTS, L.P.,  
a California limited partnership

By: Sequoia Living EPA LLC,  
a California limited liability company,  
its general partner

By: Sequoia Living, Inc.,  
a California nonprofit public benefit corporation,  
its sole member/manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT D**

**CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE**

Project Name: Eastern Park Apartments

CDLAC Application Number(s): 19-450

CDLAC Resolution Number(s): 19-040

Property Address: 711 Eddy Street, San Francisco, California 94109

Project Completion Date (if completed, otherwise mark N/A): \_\_\_\_\_

Name of Obligations: City and County of San Francisco, California  
Multifamily Tax-Exempt Mortgage Backed Bonds (M.TEBS)  
(Eastern Park Apartments) Series 2019J  
and  
City and County of San Francisco, California  
Multifamily Housing Revenue Bonds  
(Eastern Park Apartments) Series 2019K

The undersigned, being the authorized representatives of Eastern Park Apartments, L.P., a California limited partnership (the "Owner"), hereby certifies that he/she has read and is thoroughly familiar with the provisions of the various documents associated with the Owner's participation in the City and County of San Francisco (the "City") Multifamily Housing Program, such documents including:

1. the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of December 1, 2019 (the "Regulatory Agreement"), between the Owner and the City; and
2. the Financing Agreement, dated as of December 1, 2019, among the City, the Trustee and the Owner.

The undersigned further certifies that:

A. There have been no changes to the ownership entity, principals or property management of the Project since the Bonds were issued and delivered, or since the last certification was provided (as applicable), except as described below:

(If so please attach a request to revise the CDLAC Resolution, noting all pertinent information regarding the change, otherwise state "NONE")

If Project has not yet been placed in service, mark N/A for the balance of the items below:



B. During the preceding twelve (12) months (i) such Project was continually in compliance with the Regulatory Agreement executed in connection with such loan from the City and (ii) \_\_\_ of the units in the Project were occupied by Qualified Tenants (minimum of one hundred percent (100%), excluding one manager's unit).

C. As of the date of this Certificate, the following percentages of completed residential units in the Project (i) are occupied by Qualified Tenants, or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Qualified Tenant vacated such unit, as indicated below:

TOTAL UNITS:

Occupied by Low Income Tenants:

Studio: _____	Unit Nos. _____
1 bedroom units: _____	Unit Nos. _____
2 bedroom units: _____	Unit Nos. _____
3 bedroom units: _____	Unit Nos. _____

Occupied by Very Low Income Tenants:

Studio: _____	Unit Nos. _____
1 bedroom units: _____	Unit Nos. _____
2 bedroom units: _____	Unit Nos. _____
3 bedroom units: _____	Unit Nos. _____

Total percentage occupied by Qualified Tenants: \_\_\_\_\_ (minimum of one hundred percent (100%), excluding one manager's unit)

Held vacant for occupancy continuously since last occupied by a Low Income Tenant:

\_\_\_\_\_%; Unit Nos. \_\_\_\_\_

Held vacant for occupancy continuously since last occupied by a Very Low Income Tenant:

\_\_\_\_\_%; Unit Nos. \_\_\_\_\_

It hereby is confirmed that each tenant currently residing in a unit in the Project has completed an Income Certification Form in the form approved by the City and that since commencement of the Qualified Project Period, not less than all of the occupied units (excluding the manager's unit) in the Project have been rented to (or are vacant and last occupied by) Qualified Tenants. The undersigned hereby certifies that the Owner is not in default under any of the terms and provisions of the above documents.

D. The units occupied by Qualified Tenants are of similar size and quality to other units and are dispersed throughout the Project.

E. Select appropriate certification:

\_\_\_No unremedied default has occurred under this Regulatory Agreement, the Bonds, the Financing Agreement or the Bond Loan Notes.

\_\_\_A default has occurred under the \_\_\_\_\_. The nature of the default and the measures being taken to remedy such default are as follows: \_\_\_\_\_.]

F. There has been no change of use for the Project, except as follows: (please describe if any, or otherwise indicate "NONE")

G. Select appropriate certification: The undersigned hereby certifies that the Project [has satisfied all] [except as described below, has satisfied all] of the requirements memorialized in the Exhibit A of the CDLAC Resolution, a copy of which is attached hereto (i.e. qualifying project completion, qualifying depreciable asset purchase, qualifying loan originations, the use of public funds, manager units, income rent restrictions, sustainable building methods, etc., as applicable), and thus has achieved all public benefit requirements (excluding service amenities) as presented to CDLAC.

[Describe any requirements not satisfied: \_\_\_\_\_]

H. As captured in Exhibit A of the CDLAC Resolution, the Project has committed to and is currently providing the following service amenities for a minimum of ten (10) years, on a regular and ongoing basis, which are provided free of charge (with the exception of day care services): [Confirm]

Please check the services that apply or write N/A where appropriate:

\_\_\_\_\_ After-school Programs

\_\_\_\_\_ Educational, health and wellness, or skill building classes

\_\_\_\_\_ Health and Wellness services and programs (not group classes)

\_\_\_\_\_ Licensed Childcare provided for a minimum of twenty (20) hours per week (Monday-Friday)

\_\_\_\_\_ Bona-Fide Service Coordinator/ Social Worker

1) For this reporting period, attached is evidence (i.e. MOUs, contracts, schedules, calendars, flyers, sign-up sheets, etc.) confirming that the above listed services are being provided and have met the requirements of Exhibit A of the CDLAC Resolution.

2) If any of the above services requirements were not met, what corrective action is being taken to comply?

(Please also attach the completed project sponsor certification form as provided in the CDLAC Resolution)

(Please also attach the completed Occupancy and Rent Information form attached hereto)

I. The representations set forth herein are true and correct to the best of the undersigned's knowledge and belief, and the undersigned acknowledges and agrees that the City will be relying solely on the foregoing certifications and accompanying documentation, if any, in making its certification to CDLAC pursuant to Section 5144 of the CDLAC regulations (Division 9.5 of Title 4 of the California Code of Regulations), and agrees to provide to the City such documentation or evidence, in support of the foregoing certifications, as the City or CDLAC may request.

Capitalized terms used in this Certificate and not otherwise defined herein have the meanings given to them in the Regulatory Agreement.

Date: \_\_\_\_\_, 20\_\_\_\_

OWNER:

EASTERN PARK APARTMENTS, L.P.,  
a California limited partnership

By: Sequoia Living EPA LLC,  
a California limited liability company,  
its general partner

By: Sequoia Living, Inc.,  
a California nonprofit public benefit corporation,  
its sole member/manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT E**

**CERTIFICATE AS TO COMMENCEMENT OF QUALIFIED PROJECT PERIOD**

RECORDING REQUESTED BY  
AND WHEN RECORDED RETURN TO:  
City and County of San Francisco  
Mayor's Office of Housing and Community Development  
1 South Van Ness Avenue, 5th Floor  
San Francisco, CA 94103  
Attention: Director

\$ \_\_\_\_\_  
City and County of San Francisco, California  
Multifamily Tax-Exempt Mortgage Backed Bonds (M.TEBS)  
(Eastern Park Apartments) Series 2019J

and

\$ \_\_\_\_\_  
City and County of San Francisco, California  
Multifamily Housing Revenue Bonds  
(Eastern Park Apartments) Series 2019K

The undersigned, being the authorized representative(s) of Eastern Park Apartments, L.P., a \_\_\_\_\_ limited partnership, hereby certifies that: (complete blank information):

Ten percent (10%) of the dwelling units in the Project financed in part from the proceeds of the above-captioned Bonds were first occupied on \_\_\_\_\_; and

Fifty percent (50%) of the dwelling units in the Project financed in part from the proceeds of the above-captioned Bonds were first occupied on \_\_\_\_\_.

[Signatures appear on the next page.]

Date: \_\_\_\_\_, 20\_\_

OWNER:

EASTERN PARK APARTMENTS, L.P.,  
a California limited partnership

By: Sequoia Living EPA LLC,  
a California limited liability company,  
its general partner

By: Sequoia Living, Inc.,  
a California nonprofit public benefit corporation,  
its sole member/manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT F**  
**CDLAC RESOLUTION**

**[See Attached.]**

**EXHIBIT G**  
**CDLAC CERTIFICATE OF COMPLIANCE II**

1. Project Name Change:                      No \_\_\_\_              Yes \_\_\_\_

(If project name has changed since the award of allocation, please note the new project name as well as the original project name.)

New: \_\_\_\_\_                      Original: \_\_\_\_\_

2. CDLAC Application No.: \_\_\_\_\_

3. Bond Issuer Change:                      No \_\_\_\_              Yes \_\_\_\_

(If Bond Issuer has changed since the award as a result of refinancing or refunding of an allocation, please note the new Issuer as well as the original Issuer.)

New: \_\_\_\_\_                      Original: \_\_\_\_\_

Address: \_\_\_\_\_

Phone #: \_\_\_\_\_

Email: \_\_\_\_\_

4. Change in Borrower:                      No \_\_\_\_              Yes \_\_\_\_

(If Borrower has changed since the award affecting the CDLAC resolution, please note the new Borrower as well as the original Borrower.)

New: \_\_\_\_\_                      Original: \_\_\_\_\_

Address: \_\_\_\_\_

Phone #: \_\_\_\_\_

Email: \_\_\_\_\_

5. Has the project been completed and placed in service?              No \_\_\_\_              Yes \_\_\_\_

(If yes, please submit Completion Certification (one time only.)

Already submitted certification

6. Has any of the following events occurred associated with the bond allocation: a change in use, a bond default, or a qualified bond default.

No \_\_\_\_              Yes \_\_\_\_              If yes, please describe and explain.

7. (IDB ONLY) If applicable in the CDLAC Exhibit A, provide the following job creation and retention details:

\_\_\_\_\_ Number of existing jobs actually retained  
\_\_\_\_\_ Number of new jobs anticipated to be created



8. (QPEF ONLY) If applicable in Exhibit A of the CDLAC Resolution, please certify that the project is being maintained for public school purposes during the term of the regulatory agreement.

No \_\_\_\_\_ Yes \_\_\_\_\_ If no, please provide an explanation.

"Pursuant to Section 13 of Resolution No. 19-040 (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on March 20, 2019, I, \_\_\_\_\_, an Officer of the Borrower, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with the terms and conditions set forth in the Resolution as outlined above. I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution Exhibit A shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

\_\_\_\_\_  
Signature of Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name of Officer

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Title of Officer

## EXHIBIT H

### CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS

The following provisions shall apply to this Regulatory Agreement, referred to in this Exhibit as “Agreement,” as if set forth in the text thereof. Capitalized terms used but not defined in this Appendix shall have the meanings given in the Agreement.

1. Nondiscrimination; Penalties.

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

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

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

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

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

4. Alcohol and Drug-Free Workplace. The City reserves the right to deny access to, or require the Owner to remove from, City facilities personnel of such Owner who the City has reasonable grounds to believe has engaged in alcohol abuse or illegal drug activity which in any way impairs the City’s ability to

maintain safe work facilities or to protect the health and well-being of City employees and the general public. The City shall have the right of final approval for the entry or re-entry of any such person previously denied access to, or removed from, City facilities. Illegal drug activity means possessing, furnishing, selling, offering, purchasing, using or being under the influence of illegal drugs or other controlled substances for which the individual lacks a valid prescription. Alcohol abuse means possessing, furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol.

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

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

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

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

9. Requiring Health Benefits for Covered Employees. The Owner shall comply with San Francisco Administrative Code Chapter 12Q. The Owner shall choose and perform one of the Health Care

Accountability options set forth in San Francisco Administrative Code Chapter 12Q.3. The Owner is subject to the enforcement and penalty provisions in Chapter 12Q.

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

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

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

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

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

13. Reserved.

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

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

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

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

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

19. Laws Incorporated by Reference. The full text of the laws listed in this Appendix, including enforcement and penalty provisions, are incorporated into this Agreement by reference. The full text of the San Francisco Municipal Code provisions incorporated by reference in this Appendix are available at [www.sfgov.org](http://www.sfgov.org) under "Open Gov."

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

21. First Source Hiring Program. The Owner must comply with all of the provisions of the First Source Hiring Program, Chapter 83 of the San Francisco Administrative Code, that apply to this Agreement, and the Owner is subject to the enforcement and penalty provisions in Chapter 83.

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

**EXHIBIT I**  
**FORM OF ANNUAL MONITORING REPORT**

[See Attached]

## EXHIBIT J

### OPERATIONAL RULES FOR SAN FRANCISCO HOUSING LOTTERIES AND RENTAL LEASE UP ACTIVITIES

The Operational Rules for San Francisco Housing Lotteries and Rental Lease Up Activities may be found in the current version of the Housing Preferences and Lottery Procedures Manual which is incorporated herein by this reference and may be downloaded from the Mayor's Office of Housing and Community Development website at the following link:

[https://sfmohcd.org/sites/default/files/Documents/MOH/Lottery Preferences/Lottery Preferences Manual.pdf](https://sfmohcd.org/sites/default/files/Documents/MOH/Lottery%20Preferences/Lottery%20Preferences%20Manual.pdf)



**EXHIBIT K**  
**MARKETING AND TENANT SELECTION PLAN**

**EXHIBIT L**

**FANNIE MAE RIDER**

**[To Come]**



## CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

---

915 Capitol Mall, Room 311  
Sacramento, CA 95814  
p (916) 653-3255  
f (916) 653-6827  
cdlac@treasurer.ca.gov  
www.treasurer.ca.gov/cdlac

### MEMBERS

FIONA MA. CPA, CHAIR  
STATE TREASURER

GAVIN NEWSOM  
GOVERNOR

BETTY T. YEE  
STATE CONTROLLER

EXECUTIVE DIRECTOR

VINCENT P. BROWN

March 20, 2019

Kate Hartley  
Director  
City and County of San Francisco  
1 South Van Ness Avenue, 5th Floor  
San Francisco, CA 94103

### RE: RESOLUTION ATTESTING TO THE TRANSFER OF PRIVATE ACTIVITY BOND ALLOCATION

Dear Ms. Hartley:

Enclosed is a copy of Resolution No. 19-040, adopted by the California Debt Limit Allocation Committee (the "Committee") on March 20, 2019, transferring \$84,840,000 of the 2019 State Ceiling on Qualified Private Activity Bonds to the City and County of San Francisco (the "Applicant") for the Eastern Park Apartments Project. The Resolution establishes the terms and conditions under which the allocation has been granted. Please read it carefully and keep a copy in your permanent files.

The following is additional information pertaining to the use of the allocation for this Project:

1. Performance Deposit: Pursuant to Section 5050 of the Committee's Regulations, the performance deposit certified in support of this project (\$100,000) is to remain on deposit until you receive written authorization from the Committee that it may be released. This written release will be provided once the Committee receives the "Report of Action Taken" form indicating that the allocation transferred was used for the issuance of bonds for the specific Project, a copy of the conformed regulatory agreement and the payment of the second installment of the CDLAC filing fee. A copy of the conformed regulatory agreement should be sent electronically to CDLAC@treasurer.ca.gov. The full amount of the deposit will be released upon the Committee's approval if at least 80% of the allocation is used for the issuance of bonds. If an amount less than 80% of the allocation is used to issue bonds, a proportionate amount of the deposit will be subject to forfeiture.

2. IRS Certification: The IRS-required certification will be prepared and sent to bond counsel once the Committee receives the "Report of Action Taken" form.

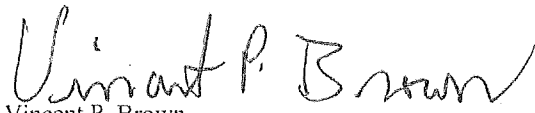
3. Second Installment of Filing Fee: **Enclosed is an invoice for this Project.** The invoice attached herein should be considered final, due and payable upon the issuance of bonds.

Kate Hartley  
March 20, 2019  
Page 2

4. Compliance: The Certification of Compliance II or equivalent form is to be submitted by the Project Sponsor to the Applicant by the Applicant's specified deadline, but no later than March 1st annually until the project's Certificate of Completion has been submitted to the Applicant. Following the submission of the Certificate of Completion or equivalent form to the Applicant, the Certification of Compliance II is to be submitted March 1st every three (3) years thereafter. In addition, an Annual Applicant Public Benefits and On-going Compliance Self-Certification (Self Certification) form must be submitted by the Applicant online every year until the Certificate of Completion has been submitted to the Applicant. After the completion of the project has been reported, the Self Certification will be required to be submitted March 1st every three years thereafter pursuant to Section 5144 of the CDLAC Regulations. Verification to CDLAC of income and rental information is not required in advance of the submission of the Certificate of Completion. A copy of the Certification of Compliance II and the Certificate of Completion forms may be found at this website location: <http://www.treasurer.ca.gov/cdlac>. Failure to submit compliance may result in disqualification from future program participation.

Please consult the Committee's Regulations for a full explanation of the use of allocation. Do not hesitate to contact me should you have questions.

Sincerely,

  
Vincent P. Brown  
Executive Director

Enclosures

cc: Omar Cortez, City and County of San Francisco  
Eric D. Tashman, Esq., Norton, Rose, Fulbright US LLP  
David Berg, Eastern Parks Apartments, LP

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

RESOLUTION NO. 19-040

A RESOLUTION TRANSFERRING A PORTION OF THE 2019 STATE CEILING  
ON QUALIFIED PRIVATE ACTIVITY BONDS FOR A  
QUALIFIED RESIDENTIAL RENTAL PROJECT

WHEREAS, the California Debt Limit Allocation Committee ("Committee") has received an application ("Application") from the City and County of San Francisco ("Applicant") for the transfer to the Applicant of a portion of the 2019 State Ceiling on Qualified Private Activity Bonds under Section 146 of the Internal Revenue Code of 1986, as amended, for use by the Applicant to issue bonds or other obligations ("Bonds") for a Project as specifically described in Exhibit A ("Project") (capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Regulations of the Committee implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds); and

WHEREAS, the Project Sponsor has represented and the Applicant has confirmed in the Application certain facts and information concerning the Project; and

WHEREAS, in evaluating the Project and allocating a portion of the State Ceiling on Qualified Private Activity Bonds to the Applicant for the benefit of the Project, the Committee has relied upon the written facts and information represented in the Application by the Project Sponsor and the Applicant; and

WHEREAS, it is appropriate for the Committee to make a transfer of a portion of the 2019 State Ceiling on Qualified Private Activity Bonds ("Allocation") in order to benefit such Project described in the Application.

NOW, THEREFORE, the California Debt Limit Allocation Committee resolves as follows:

**Section 1.** There is hereby transferred to the Applicant an amount of the 2019 State Ceiling on Qualified Private Activity Bonds equal to **\$84,840,000**. Such Allocation may be used only by the Applicant and only for the issuance of Bonds for the Project, as specifically described in Exhibit A. All of the terms and conditions of Exhibit A are incorporated herein as though set forth in full (this resolution, together with Exhibit A are hereafter referred to collectively as this "Resolution").

**Section 2.** The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds. The Project Sponsor and the Applicant, and all of their respective successors and assignees, will be bound by such terms and conditions. The Applicant shall monitor the Project for compliance with the terms and conditions of this Resolution. In addition, the Project shall be subject to the monitoring provisions of the California Code of Regulations, Title 4, Section 10337(c) and Section 5220 of the Committee's Regulations.

**Section 3.** Any modification to the Project made prior to the issuance of the Bonds that impacts the resolution must be reported to the Executive Director and, if the Executive Director determines such modification to be material in light of the Committee's Regulations, shall require reconsideration by the Committee before the Allocation may be used for the Project. After Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by the Committee through an action for specific performance or any other available remedy. In addition, after bonds are issued, changes to Items #1, #6, #7, #10 thru #12, #14 thru #16, #18 thru #26, and #37 of the Exhibit A require Committee or Executive Director approval for the term of commitment; changes to item #2, #13, #17, #27, and #39 thru #41 of the Exhibit A cannot be altered; changes to Items #3 thru #5 of the Exhibit A require no Committee or Executive Director approval but any alterations must be reported to CDLAC staff for the affordability period; changes to Items #8 and #9 of the Exhibit A require no CDLAC notification; and changes to Items #28 thru #36 and #38 of the Exhibit A require Committee or Executive Director approval only prior to the Project being Placed in Service by the CA Tax Credit Allocation Committee (TCAC).

**Section 4.** Any material changes in the structure of the bond sale prior to the issuance of the Bonds and not previously approved by the Committee shall require approval of the Committee Chair or the Executive Director.

**RESOLUTION NO. 19-040**

Page 2 of 3

**Section 5.** The transfer of proceeds from the sale of bonds to a project other than the Project subject to this Resolution is allowable only with the prior approval of the Executive Director in consultation with the Chair, except when the Project is unable to utilize any of its allocation and the Applicant is requesting the transfer of the entire Allocation to different project(s). In such case, prior approval of the Committee must be obtained. Any transfer made pursuant to this Section may only be made to another project of the same issuer that has been previously approved by the Committee.

**Section 6.** The Applicant is not authorized to use the Allocation transferred hereby to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer the Allocation to any governmental unit in the State other than the Committee.

**Section 7.** The Allocation transferred herein to the Applicant shall automatically revert to this Committee unless the Applicant has issued Bonds for the Project by the close of business on **September 30, 2019**. Upon the discretion of the Executive Director, the expiration may be extended pursuant to the provisions in Chapter 1, Article 8 of the Committee's Regulations.

**Section 8.** Within twenty-four (24) hours of using the Allocation to issue Qualified Private Activity Bonds, the Applicant shall notify the Committee at [CDLAC@treasurer.ca.gov](mailto:CDLAC@treasurer.ca.gov) that the Allocation has been used. This notice shall identify the Applicant, the Project or Program, the date the Allocation was used and the amount of Allocation used.

**Section 9.** Within fifteen (15) calendar days of the Bond closing, the Applicant or its counsel shall formally transmit to the Committee information regarding the issuance of the Bonds by submitting a completed Report of Action Taken in a form prescribed by and made available by the Committee.

**Section 10.** Any differences between the amount of Bonds issued and the amount of the Allocation granted in Section 1 of this Resolution shall automatically revert to the Committee. If at any time prior to the expiration date set forth in Section 7 hereof, the Applicant determines that part or all of the Allocation will not be used to issue Bonds by that date, the Applicant shall take prompt action by resolution of its governing Board or by action of its authorized officer to return such unused Allocation to the Committee.

**Section 11.** The staff of the Committee is authorized and directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain a copy of this Resolution in the Applicant's official records for the term of the Bonds under this Allocation or the term of the income and rental restrictions whichever is longer. The Committee staff is further directed to retain a copy of this Resolution in the files of the Committee (or any successor thereto) for the same period of time.

**Section 12.** In consideration of the Allocation transferred to the Applicant and the Project Sponsor, the Applicant and the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Furthermore, the Applicant and the Project Sponsor expressly agree that the terms and conditions of this Resolution may be enforced by the Committee through an action for specific performance or any other available remedy, provided however, that the Committee agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of Bondholders. In addition, the Applicant and the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Committee is a third party beneficiary of the terms and conditions set forth in this Resolution.

**RESOLUTION NO. 19-040**

Page 3 of 3

**Section 13.** The Certification of Compliance II or equivalent form is to be submitted by the Project Sponsor to the Applicant by the Applicant's specified deadline, but no later than March 1st annually until the project's Certificate of Completion has been submitted to the Applicant. Following the submission of the Certificate of Completion or equivalent form to the Applicant, the Certification of Compliance II is to be submitted March 1st every three years thereafter. In addition, an Annual Applicant Public Benefits and On-going Compliance Self-Certification (Self Certification) form must be submitted by the Applicant online every year until the Certificate of Completion has been submitted to the Applicant. After the completion of the project has been reported, the Self Certification will be required to be submitted March 1st every three years thereafter pursuant to Section 5144 of the CDLAC Regulations. Verification to CDLAC of income and rental information is not required in advance of the submission of the Certificate of Completion. A copy of the Certification of Compliance II and the Certificate of Completion forms may be found at this website location: <http://www.treasurer.ca.gov/cdlac>. Failure to submit compliance may result in disqualification from future program participation.


**Section 14.** This Resolution shall take effect immediately upon its adoption.

\* \* \*  
**CERTIFICATION**

I, Vincent P. Brown, Executive Director of the California Debt Limit Allocation Committee, hereby certify that the above is a full, true, and correct copy of the Resolution adopted at a meeting of the Committee held in the Jesse Unruh Building, 915 Capitol Mall, Room 587, Sacramento, California 95814, on March 20, 2019 at 1:31 p.m. with the following votes recorded:

AYES: Jovan Agee for State Treasurer Fiona Ma, CPA  
Jolie Onodera for Governor Gavin Newsom  
Anthony Sertich for State Controller Betty T. Yee

NOES: None  
ABSTENTIONS: None  
ABSENCES: None

  
\_\_\_\_\_  
Vincent P. Brown, Executive Director

Date: March 20, 2019

RESOLUTION NO. 19-040

(QUALIFIED RESIDENTIAL RENTAL PROJECT)

EXHIBIT A

1. Applicant: City and County of San Francisco
2. Application No.: 19-450
3. Project Sponsor: Eastern Park Apartments, LP (NCPHS EPA LLC and Sequoia Living, Inc. )
4. Property Management Co.: Sequoia Living
5. Project Name: Eastern Park Apartments
6. Type of Project: Acquisition and Rehabilitation/Family/Federally Assisted At-Risk
7. Location: San Francisco, CA
8. Private Placement Purchaser: **Citibank, N.A.**  
Cash Flow Bond: **Not Applicable**

All units identified in the CDLAC resolution, including both the Federally Bond-Restricted Units and the Other Restricted Units, will be incorporated into the Bond Regulatory Agreement. Assumptions to be included in the Bond Regulatory Agreement regarding the Other Restricted Units will include the AMI as outlined in the CDLAC resolution, a limitation that tenants pay no more than 30% of their income and 1.5 persons per bedroom occupancy standard to determine the applicable rent.

**Not Applicable**

9. Public Sale: **Not Applicable**  
Credit Enhancement Provider: **Not Applicable**
10. Total Number of Units: **201 plus 1** unrestricted manager unit(s)
11. Total Number of Restricted Rental Units: **201**
12. The term of the income and rental restrictions for the Project will be at least 55 years from the date 50% occupancy is achieved or when the project is otherwise placed in service.
13. The Regulatory Agreement shall not terminate prior to the end of the CDLAC Resolution affordability term in the event of foreclosure, exercise of power of sale, and/or transfer of title by deed in lieu of foreclosure in connection with a deed of trust directly or indirectly securing the repayment of Cash Flow Permanent Bonds.
14. The Project will utilize Gross Rents as defined in Section 5170 of the Committee's Regulations.  
**Applicable**
15. Income and Rental Restrictions
  - a. Federally Bond-Restricted Set-aside Units:  
At least **20%** of the total units will be restricted at 50% of the Area Median Income.
  - b. Other Restricted Units  
For the entire term of the income and rental restrictions, the Project will have:  
  
At least **41** Qualified Residential units rented or held vacant for rental for persons or families whose income is at or below 50% of the Area Median Income.  
  
At least **160** Qualified Residential units rented or held vacant for rental for persons or families whose income is at or below 60% of the Area Median Income.



**RESOLUTION NO. 19-040**

**Exhibit A**

Page 2 of 5

16. 10% of the units will be restricted to households with incomes no greater than 50% of the Area Median Income in accordance with Section 5191 of the Committee's Regulations. These units will be distributed as follows:
- |                        |          |
|------------------------|----------|
| <b>Not Applicable:</b> | <b>0</b> |
| Studios:               | 0        |
| One-bedroom:           | 0        |
| Two-bedroom:           | 0        |
| Three-bedroom:         | 0        |
| Four-bedroom:          | 0        |
| Five-bedroom           | 0        |
17. For substantial renovation projects, a minimum of \$35,000 in hard construction costs, including overhead, profit, and general conditions, will be expended for each Project unit.  
**Applicable**
18. A minimum of \$0,000 of public funds will be expended for the Project.  
**Not Applicable**
19. At a minimum, the financing for the Project shall include a Taxable Tail in the amount of \$0,000. Taxable debt may only be utilized for Project related expenses, not for the cost of issuance, for which the Project Sponsor could otherwise have used tax-exempt financing.  
**Not Applicable**
20. If the Project received points for having large family restricted units for the entire term of the income and rental restrictions, the Project will have at least 0 three-bedroom or larger units.  
**Not Applicable**
21. For a period of fifteen (15) years after the Project is placed in use, the Project will provide to Project residents high-speed Internet or wireless (WiFi) service in each Project unit.  
**Not Applicable**
22. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents an after school program of an ongoing nature on-site or there must be an after school program available to Project residents within 1/2 mile of the Project or except where Project will provide no cost round trip transportation. The programs shall include, but are not limited to: tutoring, mentoring, homework club, art, and recreation activities to be provided weekdays throughout the school year for at least ten (10) hours per week.  
**Not Applicable**
23. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents instructor-led educational, health and wellness, or skill building classes. The classes shall include, but are not limited to: financial literacy, computer training, home-buyer education, GED, resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food cultivation & preparation, and smoking cessation. Classes shall be provided at a minimum of 84 hours per year (drop-in computer labs, monitoring and technical assistance shall not qualify) and be located within 1/2 mile of the Project or except where Project will provide no-cost round trip transportation.  
**Not Applicable**
24. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents 20 hours or more per week of licensed childcare on-site or there must be 20 hours or more per week of licensed childcare available to Project residents within 1/2 mile of the Project or except where Project will provide no cost round trip transportation.  
**Not Applicable**

**RESOLUTION NO. 19-040**

**Exhibit A**

Page 3 of 5

25. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents health and wellness services and programs within 1/2 mile of the Project or except where the Project will provide no cost round trip transportation. Such services and programs shall provide individualized support for tenants (not group classes) but need to be provided by licensed individuals or organizations. The services shall include, but are not limited to: visiting nurses programs, intergenerational visiting programs and senior companion programs. Services shall be provided for a minimum of 100 hours per year.

**Not Applicable**

26. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents a bona fide service coordinator. The responsibilities must include, but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants to access services through referral and advocacy, and (c) organizing community-building and/or enrichment activities for tenants (such as holiday events, tenant council, etc.).

**Not Applicable**

27. Minimum sustainable specifications will be incorporated into the project design per Section 5205 of the CDLAC Regulations.

**Applicable**

Section Waived:

- Energy Efficiency
- Landscaping
- Roofs
- Exterior Doors
- Appliances (ENERGY STAR)
- Window Coverings
- Water Heater
- Floor Coverings
- Insulation (Greengard Emission Criteria)

28. The Project commits to becoming certified under any one of the following programs upon completion:
- a. Leadership in Energy & Environmental Design (LEED for Homes) **Not Applicable**
  - b. Green Communities **Not Applicable**
  - c. Passive House Institute US (PHIUS) **Not Applicable**
  - d. Passive House **Not Applicable**
  - e. Living Building Challenge **Not Applicable**
  - f. National Green Building Standard ICC / ASRAE – 700 silver or higher rating **Not Applicable**
  - g. Green Point Rated Multifamily Guidelines **Not Applicable**
  - h. WELL **Not Applicable**

29. The Project is a New Construction or Adaptive Reuse Project that commits to Energy Efficiency (including heating, cooling, fan energy, and water heating but not the following end uses: lighting, plug load, appliances, or process energy) beyond the requirements in Title 24, Part 6 of California Building Code (Percentage Better than the 2016 Standards):

- a. 7% **Not Applicable**
- b. 12% **Not Applicable**

30. The Project is a New Construction or Adaptive Reuse Project that commits to Energy Efficiency. The local building department has determined that building permit applications submitted on or before December 31, 2016 are complete and energy efficiency beyond the requirements in the 2013 Title 24, Part 6, of the California Building Code (the 2013 Standards) for the project as a whole shall be awarded.

- a. 9% **Not Applicable**
- b. 15% **Not Applicable**

**RESOLUTION NO. 19-040**

**Exhibit A**

Page 4 of 5

31. The Project is a New Construction or Adaptive Reuse Project that commits to Energy Efficiency with renewable energy that provides the following percentages of project tenants' energy loads (Offset of Tenants' Load):
  - a. 20% **Not Applicable**
  - b. 30% **Not Applicable**
  - c. 40% **Not Applicable**
  
32. The Project is a Home Energy Rating System (HERS II) Rehabilitation Project that commits to improve energy efficiency above the current modeled energy consumption of the project as a whole by:
  - a. 15% **Not Applicable**
  - b. 20% **Not Applicable**
  
33. The Project is a Rehabilitation Project that commits to developing and/or managing the Project with the following Photovoltaic generation or solar energy:
  - a. Photovoltaic generation that offsets tenants loads **Not Applicable**
  - b. Photovoltaic generation that offsets 50% of common area load **Not Applicable**
  - c. Solar hot water for all tenants who have individual water meters **Not Applicable**
  
34. The Project is a Rehabilitation Project and will implement sustainable building management practices that include: 1) development of a project-specific maintenance manual including replacement specifications and operating information on all energy and green building features; and 2) undertaking formal building systems commissioning, retro-commissioning or re-commissioning as appropriate (continuous commissioning is not required).  
**Applicable**
  
35. The Project is a Rehabilitation project that individually meters or sub-meters currently master-metered gas, electricity, or central hot water systems for all tenants.  
**Not Applicable**
  
36. The project will commit to use no irrigation at all, irrigate only with reclaimed water, greywater, or rainwater (excepting water used for Community Gardens) or irrigate with reclaimed water, greywater or rainwater in an amount that annually equals 10,000 gallons or 150 gallons per unit whichever is less.  
**Not Applicable**
  
37. The Project will commit to having at least one (1) nonsmoking building. If the project only has one (1) building, it will be subject to a policy developed by the Sponsor that prohibits smoking in contiguous designated units. These restrictions will be incorporated into the lease agreements for the appropriate units.  
**Applicable**
  
38. The Project will commit to having a parking ratio equivalent to or less than one (1) parking stall per single room occupancy or one-bedroom restricted rental unit and 1.5 parking stalls per two-bedroom or larger restricted rental unit.  
**Applicable**
  
39. As specified in Section 5144(b) of the Committee's Regulations, sponsors will be required to utilize TCAC's Compliance Manual specifically Section VI: Qualify Tenants for Low Income Housing Tax Credit Units, to verify tenant income in conjunction with initial occupancy. No less than every three (3) years after the project is completed, the Sponsor must collect and retain the following income and verification documentation related to all the Federally Bond-Restricted units identified in the Committee Resolution: TCAC Tax Income Calculation (TIC) or equivalent documentation, all associated source income documentation, evidence of the verifying income computation and unit lease.  
**Applicable**

**RESOLUTION NO. 19-040**

**Exhibit A**

Page 5 of 5

40. As specified in Section 5144(c) of the Committee's Regulations, compliance with the income and rental requirements of the Federally Bond-Restricted Units identified in the Committee Resolution and the Bond Regulatory Agreement must be demonstrated by the Applicants initial review of 20% of all management files associated with the Federally Bond-Restricted units and subsequent review every three years of 20% of all management files associated with the Federally Bond-Restricted units.

**Applicable**

41. As specified in Section 5144(d) of the Committee's Regulations, applicants are required to ensure an onsite inspection as well as an on-site review of the 20% Federally Bond-Restricted units is performed every 3 years after the Qualified Project Period has commenced.

The following entity will conduct the site and file inspections:

**Not Applicable**

STATE OF CALIFORNIA  
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
ACCOUNTING SERVICES  
915 Capitol Mall, Room 311  
Sacramento, CA 95814  
(916) 653-3255

FILING FEE INVOICE

**PAYMENT IS DUE WITHIN 30 DAYS OF BOND CLOSING**

Date: March 20, 2019

Invoice No.: FY 18-148  
Application No.: 19-450  
Analyst Initials: RCF

To: Omar Cortez  
Senior Project Manager  
City and County of San Francisco  
1 South Van Ness Avenue, 5th Floor  
San Francisco, CA 94103

---

*2nd Installment of fee levied pursuant to Section 8869.90 of the California Government Code:*

NAME OF ISSUER: City and County of San Francisco

NAME OF PROJECT: Eastern Park Apartments

ALLOCATION AWARD DATE: March 20, 2019

ALLOCATION AWARD AMOUNT: \$84,840,000

<u>AMOUNT DUE:</u>	Allocation award x .00035	=	\$	29,694.00
	Less initial application fee	=	-\$	1,200.00
	<b>Amount Due</b>	=	\$	<b>28,494.00</b>

Issuer or bond trustee to complete the following (please use ink):

BOND ISSUANCE DATE:

PRINCIPAL AMOUNT OF BOND ISSUE: \$

AMOUNT OF BOND ALLOCATION USED: \$

The application fee is based on the amount of allocation used to issue bonds. Please complete the following *only if* the amount of allocation used is less than the amount of allocation awarded, and remit the *revised* amount due.

<u>REVISED AMOUNT DUE:</u>	Amount issued x .00035	=	\$	
	Less initial application fee	=	-\$	1,200.00
	<b>Revised Amount Due</b>	=	\$	

**PLEASE WRITE APPLICATION NUMBER ON YOUR CHECK, OR  
RETURN A COPY OF THIS INVOICE WITH YOUR PAYMENT.**

## PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, the borrower (the "Borrower") identified below has provided the following required information to the City and County of San Francisco (the "City") prior to the City's regular meeting (the "Meeting") of its Board of Supervisors (the "Board") at which Meeting the Board will consider the authorization of conduit revenue obligations (the "Bonds") as identified below.

1. Name of Borrower: **Eastern Park Apartments, LP, a California limited partnership.**
2. Board of Supervisors Meeting Date: **November 19, 2019.**
3. Name of Bond Issue / Conduit Revenue Obligations: **City and County of San Francisco Multifamily Housing Revenue Bonds (Eastern Park Apartments) Series 2020J and Series 2019K.**
4.  Private Placement Lender or Bonds Purchaser,  Underwriter or  Financial Advisor (mark one) engaged by the Borrower from which the Borrower obtained the following required good faith estimates relating to the Bonds:
  - (A) The true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of Bonds (to the nearest ten-thousandth of one percent): **12% (estimated variable rate during construction; no permanent debt).**
  - (B) The finance charge of the Bonds, which means the sum of all fees and charges paid to third parties: **\$1,616,912**
  - (C) The amount of proceeds received by the public body for sale of the Bonds less the finance charge of the Bonds described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the Bonds: **\$84,840,000**
  - (D) The total payment amount, which means the sum total of all payments the borrower will make to pay debt service on the Bonds plus the finance charge of the Bonds described in subparagraph (B) not paid with the proceeds of the Bonds (which total payment amount shall be calculated to the final maturity of the Bonds): **\$84,840,000**

This document has been made available to the public at the Meeting of the Board.

Dated: Oct 28, 2019

SOB  
Leg Per  
Leg Clerk

Member, Board of Supervisors  
District 1



City and County of San Francisco

**SANDRA LEE FEWER**  
李麗嫦 市參事

DATE: November 13, 2019  
TO: Angela Calvillo  
Clerk of the Board of Supervisors  
FROM: Supervisor Sandra Lee Fewer  
Chairperson  
RE: Budget and Finance Committee  
COMMITTEE REPORT

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2019 NOV 13 PM 3:21  
AK

Pursuant to Board Rule 4.20, as Chair of the Budget and Finance Committee, I have deemed the following matters are of an urgent nature and request they be considered by the full Board on Tuesday, November 19, 2019, as Committee Reports:

**191005 Initiative Ordinance - Business and Tax Regulations, Administrative Codes - Excise Tax on Keeping Commercial Property Vacant**

Motion ordering submitted to the voters, at an election to be held on March 3, 2020; an Ordinance amending the Business and Tax Regulations Code and Administrative Code to impose an excise tax on persons keeping ground floor commercial space in neighborhood commercial districts or neighborhood commercial transit districts vacant, to fund assistance to small businesses; increasing the City's appropriations limit by the amount collected under the tax for four years from March 3, 2020; and affirming the Planning Department's determination under the California Environmental Quality Act.

**191112 Multifamily Housing Revenue Bonds - 711 Eddy Street - Not to Exceed \$84,840,000**

Resolution authorizing the issuance and delivery of multifamily housing revenue bonds in an aggregate principal amount not to exceed \$84,840,000, in one or more series or subseries, for the purpose of providing financing for the acquisition and rehabilitation of a 202-unit multifamily rental housing project known as "Eastern Park Apartments;" approving the form of and authorizing the execution of an indenture of trust providing the terms and conditions of and the authorization for the issuance of such bonds; approving the form of, and authorizing the execution of, a financing agreement providing the terms and conditions of the loans from the City to the borrower; approving the form of and authorizing the execution of a regulatory agreement and declaration of restrictive covenants; approving the form of and authorizing the execution of a bond purchase agreement; approving the form of an Official Statement for such bonds and authorizing the distribution thereof; authorizing the collection of certain fees; approving modifications, changes and additions to the documents; ratifying and approving any action heretofore taken in connection with the loans, the bonds and the Project; granting general

authority to City officials to take actions necessary to implement this Resolution, subject to the terms of this Resolution; and related matters, as defined herein.

**191127            Multifamily Housing Revenue Bonds - 4840 Mission Street - Not to Exceed \$75,000,000**

Resolution declaring the intent of the City and County of San Francisco ("City") to reimburse certain expenditures from proceeds of future bonded indebtedness in an aggregate principal amount not to exceed \$75,000,000; authorizing the Director of the Mayor's Office of Housing and Community Development ("Director") to submit an application and related documents to the California Debt Limit Allocation Committee ("CDLAC") to permit the issuance of residential mortgage revenue bonds in an aggregate principal amount not to exceed \$75,000,000 for 4840 Mission Street; authorizing and directing the Director to direct the Controller's Office to hold in trust an amount not to exceed \$100,000 in accordance with CDLAC procedures; authorizing the Director to certify to CDLAC that the City has on deposit the required amount; authorizing the Director to pay an amount equal to such deposit to the State of California if the City fails to issue the residential mortgage revenue bonds; authorizing and directing the execution of any documents necessary to implement this Resolution; and ratifying and approving any action heretofore taken in connection with the Project, as defined herein, and the Application, as defined herein.

**191126            Multifamily Housing Revenue Bonds - 2340 San Jose Avenue (Balboa Park Upper Yard) - Not to Exceed \$80,000,000**

Resolution declaring the intent of the City and County of San Francisco ("City") to reimburse certain expenditures from proceeds of future bonded indebtedness in an aggregate principal amount not to exceed \$80,000,000; authorizing the Director of the Mayor's Office of Housing and Community Development ("Director") to submit an application and related documents to the California Debt Limit Allocation Committee ("CDLAC") to permit the issuance of residential mortgage revenue bonds in an aggregate principal amount not to exceed \$80,000,000 for 2340 San Jose Avenue; authorizing and directing the Director to direct the Controller's Office to hold in trust an amount not to exceed \$100,000 in accordance with CDLAC procedures; authorizing the Director to certify to CDLAC that the City has on deposit the required amount; authorizing the Director to pay an amount equal to such deposit to the State of California if the City fails to issue the residential mortgage revenue bonds; authorizing and directing the execution of any documents necessary to implement this Resolution; and ratifying and approving any action heretofore taken in connection with the Project, as defined herein, and the Application, as defined herein.

**191129            Multifamily Housing Revenue Bonds - 681 Florida Street - Not to Exceed \$55,972,500**

Resolution declaring the intent of the City and County of San Francisco ("City") to reimburse certain expenditures from proceeds of future bonded indebtedness; authorizing the Director of the Mayor's Office of Housing and Community Development ("Director") to submit an application and related documents to the California Debt Limit Allocation Committee ("CDLAC") to permit the issuance of residential mortgage revenue bonds pursuant to a plan of financing in an aggregate principal amount not to exceed \$55,972,500 for 681 Florida Street; authorizing and directing the Director to direct the Controller's Office to hold in trust an amount not to exceed \$100,000 in accordance with CDLAC procedures; authorizing the Director to certify to CDLAC that the City has on deposit the required amount; authorizing the Director to pay an amount equal to such deposit to the State of California if the City fails to issue the residential mortgage revenue



bonds; approving, for purposes of the Internal Revenue Code of 1986, as amended, the issuance and sale of residential mortgage revenue bonds by the City in an aggregate principal amount not to exceed \$55,972,500; authorizing and directing the execution of any documents necessary to implement this Resolution; and ratifying and approving any action heretofore taken in connection with the Project, as defined herein, and the Application, as defined herein.

**191128            Multifamily Housing Revenue Bonds - 190 Coleridge Street (Coleridge Park Homes) - Not to Exceed \$20,655,000**

Resolution declaring the intent of the City and County of San Francisco ("City") to reimburse certain expenditures from proceeds of future bonded indebtedness in an aggregate principal amount not to exceed \$20,655,000; authorizing the Director of the Mayor's Office of Housing and Community Development ("Director") to submit an application and related documents to the California Debt Limit Allocation Committee ("CDLAC") to permit the issuance of residential mortgage revenue bonds in an aggregate principal amount not to exceed \$20,655,000 for 190 Coleridge Street (Coleridge Park Homes); authorizing and directing the Director to direct the Controller's Office to hold in trust an amount not to exceed \$100,000 in accordance with CDLAC procedures; authorizing the Director to certify to CDLAC that the City has on deposit the required amount; authorizing the Director to pay an amount equal to such deposit to the State of California if the City fails to issue the residential mortgage revenue bonds; authorizing and directing the execution of any documents necessary to implement this Resolution; and ratifying and approving any action heretofore taken in connection with the Project, as defined herein, and the Application, as defined herein.

These matters will be heard in the Budget and Finance Committee on Monday, November 18th at 12pm.

OFFICE OF THE MAYOR  
SAN FRANCISCO



LONDON N. BREED  
RECEIVED MAYOR  
BOARD OF SUPERVISORS  
SAN FRANCISCO

2019 OCT 29 PM 4: 22

BY

A handwritten signature in black ink, appearing to be "LB", written over a horizontal line.

A small, handwritten signature in black ink, possibly "SK", located below the main signature line.

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: Sophia Kittler  
RE: Multifamily Housing Revenue Bonds – 711 Eddy Street, San Francisco,  
California 94134 - Not to Exceed \$84,840,000  
DATE: Tuesday, October 29, 2019

---

**Resolution authorizing the issuance and delivery of multifamily housing revenue bonds in an aggregate principal amount not to exceed \$84,840,000, in one or more series or subseries, for the purpose of providing financing for the acquisition and rehabilitation of a 202-unit multifamily rental housing project known as “Eastern Park Apartments”; approving the form of and authorizing the execution of an indenture of trust providing the terms and conditions of and the authorization for the issuance of such bonds; approving the form of, and authorizing the execution of, a financing agreement providing the terms and conditions of the loans from the City to the borrower; approving the form of and authorizing the execution of a regulatory agreement and declaration of restrictive covenants; approving the form of and authorizing the execution of a bond purchase agreement; approving the form of an Official Statement for such bonds and authorizing the distribution thereof; authorizing the collection of certain fees; approving modifications, changes and additions to the documents; ratifying and approving any action heretofore taken in connection with the loans, the bonds and the Project; granting general authority to City officials to take actions necessary to implement this Resolution, subject to the terms of this Resolution; and related matters.**

Should you have any questions, please contact Sophia Kittler at 415-554-6153.



## San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102  
 Phone: 415.252.3100 . Fax: 415.252.3112  
[ethics.commission@sfgov.org](mailto:ethics.commission@sfgov.org) . [www.sfethics.org](http://www.sfethics.org)

Received On:

File #:

191112

Bid/RFP #:

### Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

#### 1. FILING INFORMATION

TYPE OF FILING	DATE OF ORIGINAL FILING (for amendment only)
original	
AMENDMENT DESCRIPTION – Explain reason for amendment	

#### 2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

#### 3. FILER'S CONTACT

NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	EMAIL
Office of the Clerk of the Board	Board.of.Supervisors@sfgov.org

#### 4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Jonathan Gagen	415-701-5517
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
MYR Mayor's Office of Housing and Comm Dev	jonathan.gagen@sfgov.org

5. CONTRACTOR	
<b>NAME OF CONTRACTOR</b> Eastern Park Apartments, LP c/o Northern CA Pres	<b>TELEPHONE NUMBER</b> (415) 202-7800
<b>STREET ADDRESS (including City, State and Zip Code)</b> 481 O'Farrell St, San Francisco, CA 94102	<b>EMAIL</b> dlatina@sequoialiving.org

6. CONTRACT		
<b>DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)</b>	<b>ORIGINAL BID/RFP NUMBER</b>	<b>FILE NUMBER (If applicable)</b> 191112
<b>DESCRIPTION OF AMOUNT OF CONTRACT</b> 84,840,000		
<b>NATURE OF THE CONTRACT (Please describe)</b> The contract is a resolution approving the issuance of tax-exempt multifamily housing revenue bonds that will be issued to finance the rehabilitation of an affordable housing project located at 711 Eddy Street in San Francisco. The resulting obligation will be conduit debt with no recourse to the City's general fund.		

7. COMMENTS

8. CONTRACT APPROVAL	
This contract was approved by:	
<input checked="" type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES
<input type="checkbox"/>	THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS

**9. AFFILIATES AND SUBCONTRACTORS**

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Howie	C. Gordon	Board of Directors
2	Stratton	Michele	Board of Directors
3	Brown	M. Kingsley	Board of Directors
4	Freeman	Gary	Board of Directors
5	Geary	Gayle	Board of Directors
6	Herman	Steve	Board of Directors
7	Jamison	Rex	Board of Directors
8	Hiroko Mayeda	Nancy	Board of Directors
9	McNamara	Neal	Board of Directors
10	Placier	Philip	Board of Directors
11	Spaulding	Dianne	Board of Directors
12	McVey	Sara	CEO
13	Boyd	Nan	CFO
14	Latina	David	Other Principal Officer
15	Atwood	Martha	Other Principal Officer
16	Hieger	Steven	Other Principal Officer
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**9. AFFILIATES AND SUBCONTRACTORS**

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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**9. AFFILIATES AND SUBCONTRACTORS**

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#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.

**10. VERIFICATION**

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

**I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.**

SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK	DATE SIGNED
BOS Clerk of the Board	