

File No. 250287

Committee Item No. 8

Board Item No. 20

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date April 9 2025

Board of Supervisors Meeting Date April 15, 2025

Cmte Board

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Contract/Agreement |
- Draft Indenture of Trust
 - Draft Bond Purchase Agreement
 - Draft Financing Agreement
 - Draft Preliminary Official Statement
 - Draft Regulatory Agreement and Declaration of Restrictive Covenants
 - Good Faith Estimate
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| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>CDLAC Resolution No. 24-255 12/11/2024</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>TEFRA Notice Proof of Publication 1/15/2025</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>TEFRA Hearing Minutes 1/15/2025</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>MOHCD Presentation 4/9/2025</u> |
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Completed by: Brent Jalipa Date April 3, 2025

Completed by: Brent Jalipa Date April 10, 2025

1 [Multifamily Housing Revenue Bonds - Sunnydale HOPE SF Block 9 - 1652 Sunnydale
2 Avenue - Not to Exceed \$57,075,000]

3 **Resolution approving for purposes of the Internal Revenue Code of 1986, as amended,**
4 **and authorizing the issuance, sale and delivery of multifamily housing revenue bonds**
5 **in one or more series in an aggregate principal amount not to exceed \$57,075,000 for**
6 **the purpose of providing financing for the construction of a 95-unit (including one**
7 **manager unit) multifamily rental housing project located at 1652 Sunnydale Avenue**
8 **known as “Sunnydale HOPE SF Block 9”; approving the form of and authorizing the**
9 **execution of an indenture of trust providing the terms and conditions of the bonds;**
10 **approving the form of and authorizing the execution of a regulatory agreement and**
11 **declaration of restrictive covenants; approving the form of and authorizing the**
12 **execution of a financing agreement; approving the form of and authorizing the use and**
13 **distribution of a preliminary official statement and/or official statement; approving the**
14 **form of and authorizing the execution of a bond purchase agreement; authorizing the**
15 **collection of certain fees, approving modifications, changes and additions to the**
16 **documents; ratifying and approving any action heretofore taken in connection with the**
17 **bonds and the project; granting general authority to City officials to take actions**
18 **necessary to implement this Resolution; and related matters, as defined herein.**

19
20 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
21 “Board”) desires to provide for the financing of a portion of the costs of the construction by
22 Sunnydale Block 9 Housing Partners, L.P., a California limited partnership (the “Borrower”), of
23 a 95-unit (including one manager’s unit) residential rental development located at 1652
24 Sunnydale Avenue, San Francisco, California 94134, known as “Sunnydale HOPE SF Block
25 9” (the “Project”), to provide housing for persons and families of low and very low income

1 through the issuance of multifamily housing revenue bonds in one or more series (the
2 “Bonds”); and

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

9 WHEREAS, The interest on the Bonds may qualify for federal tax exemption under the
10 Internal Revenue Code of 1986, as amended (the “Code”), only if the Bonds are approved in
11 accordance with Section 147(f) of the Code; and

12 WHEREAS, The Board is the elected legislative body of the City and is the applicable
13 elected representative authorized to approve the execution and delivery of the Bonds within
14 the meaning of Section 147(f) of the Code; and

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

16 WHEREAS, On January 3, 2025, the City caused a notice stating that a public hearing
17 with respect to the issuance of multifamily affordable housing mortgage revenue bonds and
18 their respective projects, pursuant to plans of financing, would be held by the Mayor’s Office
19 of Housing and Community Development (“MOHCD”) on January 15, 2025, to be published
20 and appear in the Notices section of MOHCD’s website (at [https://sf.gov/information/mohcd-](https://sf.gov/information/mohcd-department-notices)
21 [department-notices](https://sf.gov/information/mohcd-department-notices)), and such notice is on file with the Clerk of the Board of Supervisors and
22 incorporated herein by reference; and

23 WHEREAS, At the date and time and the location specified in such notice MOHCD
24 held such public hearing at which opportunity was provided for persons to comment on the
25 plan of financing; and

1 WHEREAS, On December 11, 2024, the California Debt Limit Allocation Committee in
2 its Resolution Number 24-255 allocated \$57,075,000 (together with any future supplemental
3 CDLAC allocation for the Project, the "Allocation Amount") in qualified private activity volume
4 cap to the Project (the "CDLAC Resolution"); and

5 WHEREAS, There has been prepared and presented to the Board for consideration at
6 this meeting the documentation required for the issuance of the Bonds, and such
7 documentation is on file with the Clerk of the Board of Supervisors (the "Clerk of the Board");
8 and

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

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

14 WHEREAS, The Bonds will be a limited obligation of the City, the sole source of
15 repayment of which shall be payments made by the Borrower under the Financing Agreement
16 (hereinafter defined), together with investment income of certain funds and accounts held
17 under the Indenture of Trust (the "Indenture"); and

18 WHEREAS, The Trustee (hereinafter defined) will use the proceeds of the Bonds to
19 purchase a single mortgage pass-through certificate (the "MBS") guaranteed as to timely
20 payment of principal and interest by the Federal National Mortgage Association ("Fannie
21 Mae"), if and when issued; and

22 WHEREAS, The Indenture provides that (i) prior to the delivery of the MBS, payment of
23 the Bonds will be assured and collateralized by the deposit with the Trustee of proceeds
24 received from the sale of the Bonds and other eligible funds held under the Indenture in an
25 amount equal to the outstanding principal amount of the Bonds and interest during the

1 construction period and (ii) after construction and stabilization of the Project and upon
2 satisfaction of the conditions set forth in the Indenture and the forward commitment of Fannie
3 Mae, the MBS will be issued to the Trustee and debt service on the then remaining
4 outstanding Bonds will be payable from pass-through payments received by the Trustee on
5 the MBS through the maturity of the Bonds; and

6 WHEREAS, The Borrower has advised the City that the Bonds will be rated by one of
7 the national rating agencies at a level satisfactory to the City; and

8 WHEREAS, The City has engaged Kutak Rock LLP and Amira Jackmon, Attorney at
9 Law, as co-bond counsel with respect to the Bonds (together, "Co-Bond Counsel"); and

10 WHEREAS, The Borrower provided to the City the following information as a good faith
11 estimate of the cost of the Bonds financing and the City disclosed such information in
12 accordance with Section 5852.1 of the California Government Code: (a) the true interest cost
13 of the Bonds, (b) the finance charge of the Bonds, including all third party expenses, (c) the
14 amount of proceeds received by the City for the issuance and delivery of the Bonds less the
15 finance charge of the Bonds and any reserves or capitalized interest paid or funded with
16 proceeds of the Bonds and (d) the total payment amount (the "Financing Information"); and

17 WHEREAS, Such Financing Information has been disclosed in connection with the
18 Board meeting in which this Resolution is approved; now, therefore, be it

19 RESOLVED, By this Board of Supervisors of the City and County of San Francisco as
20 follows:

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

23 Section 2. Approval of Issuance of Bonds. The Board, as the applicable elected
24 representative of the City, hereby approves the plan of financing and the issuance of its
25 multifamily housing revenue bonds in one or more series, including, but not limited to the

1 Bonds, pursuant to and for purposes of Section 147(f) of the Code. It is intended that this
2 Resolution constitute approval of the Bonds by the applicable elected representative of the
3 issuer of the Bonds and the applicable elected representative of the governmental unit having
4 jurisdiction over the area in which the Project is located, in accordance with said Section
5 147(f). Additionally, in accordance with the Act and the Indenture, the City is hereby
6 authorized to issue and deliver revenue bonds of the City, such bonds to be issued in one or
7 more series and subseries, and designated as "City and County of San Francisco Multifamily
8 Housing Revenue Bonds (Sunnydale HOPE SF Block 9) (Fannie Mae MBS-Secured), Series
9 2025B," or such additional or other designation as may be necessary or appropriate to
10 distinguish such series from every other series of bonds, in an aggregate principal amount not
11 to exceed the Allocation Amount, with a fixed and/or variable interest rate not to exceed 12%
12 per annum for the Bonds, and which shall have a final maturity date not later than forty 40
13 years from the date of issuance of the Bonds. The Bonds shall be in the form set forth in and
14 otherwise in accordance with the Indenture and shall be executed by the manual or facsimile
15 signature of the Mayor of the City (the "Mayor").

16 Section 3. Approval of Indenture. The Indenture in the form presented to the Board, a
17 copy of which is on file with the Clerk of the Board, is hereby approved. The Indenture shall
18 be entered into by and between the City and U.S. Bank Trust Company, National Association
19 (the "Trustee"). Each of the Mayor, the Director of the MOHCD and the Housing Development
20 Director of the MOHCD (or a designee of such officer in writing, collectively, the "Authorized
21 Officers" and each, an "Authorized Officer" as such term is defined in the Indenture), is hereby
22 authorized to execute the Indenture, approved as to form by the City Attorney of the City (the
23 "City Attorney"), in substantially said form, together with such additions thereto and changes
24 therein as the City Attorney and Co-Bond Counsel may approve or recommend in accordance
25 with Section 10 hereof.

1 Section 4. Approval of Financing Agreement. The Financing Agreement (the
2 “Financing Agreement”) by and among the City, the Trustee and the Borrower, in the form
3 presented to the Board, a copy of which is on file with the Clerk of the Board, is hereby
4 approved. Each Authorized Officer is hereby authorized to execute the Financing Agreement
5 approved as to form by the City Attorney, in substantially said form, together with such
6 additions thereto and changes therein as the City Attorney and Co-Bond Counsel may
7 approve or recommend in accordance with Section 10 hereof.

8 Section 5. Approval of Regulatory Agreement and Declaration of Restrictive
9 Covenants. The Regulatory Agreement and Declaration of Restrictive Covenants (the
10 “Regulatory Agreement”), between the City and the Borrower, in the form presented to the
11 Board, a copy of which is on file with the Clerk of the Board, is hereby approved. Each
12 Authorized Officer, is hereby authorized to execute the Regulatory Agreement, approved as to
13 form by the City Attorney, in substantially said form, together with such additions thereto and
14 changes therein as the City Attorney and Co-Bond Counsel may approve or recommend in
15 accordance with Section 10 hereof.

16 Section 6. Approval of Official Statement. The Official Statement prepared in
17 connection with the Bonds in the form presented to the Board, a copy of which is on file with
18 the Clerk of the Board, together with any changes therein or additions thereto deemed
19 advisable by an Authorized Officer, after consultation with the City Attorney, Co-Bond Counsel
20 and the City’s disclosure counsel, is hereby approved. The Board hereby approves and
21 authorizes the distribution by the Underwriter (defined below) of the Bonds of the Official
22 Statement to prospective purchasers of the Bonds and authorizes and directs an Authorized
23 Officer on behalf of the City to deem a preliminary version of the Official Statement “final”
24 pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (“Rule”) prior to its
25 distribution to prospective purchasers of the Bonds. The execution of the final Official

1 Statement, which shall include then current financial information regarding the Borrower, the
2 Project, and the Bonds and such other changes and additions thereto deemed advisable by
3 an Authorized Officer and such information permitted to be excluded from the Official
4 Statement pursuant to the Rule, shall be conclusive evidence of the approval of the Official
5 Statement by the City.

6 Section 7. Approval of Bond Purchase Agreement. The Bond Purchase Agreement
7 ("Purchase Contract") by and among the City, the Borrower and Wells Fargo Bank, National
8 Association, as underwriter (the "Underwriter"), in the form presented to the Board, a copy of
9 which is on file with the Clerk of the Board, is hereby approved. Each Authorized Officer is
10 hereby authorized to execute the Purchase Contract, approved as to form by the City
11 Attorney, in substantially said form, with such additions thereto and changes therein as are
12 necessary to conform the Purchase Contract to the dates, amounts and interest rates
13 applicable to the Bonds as of the sale date or as are approved by an Authorized Officer upon
14 consultation with the City Attorney and the Co-Bond Counsel; provided that the interest rate
15 borne by each series of Bonds shall not exceed the lesser of twelve percent (12%) or the
16 maximum rate permitted by law and the maximum amount of Underwriter's discount on the
17 sale of each series of Bonds may not exceed 1.0% of the par amount of such series of Bonds.
18 Approval of such additions and changes shall be conclusively evidenced by the execution and
19 delivery of the Purchase Contract by an Authorized Officer.

20 Section 8. Preparation of Bonds. The Bonds shall be prepared, executed and
21 delivered to the Trustee for authentication, all in accordance with the terms of the Indenture
22 and the Purchase Contract. The Trustee, an Authorized Officer and other responsible officers
23 of the City are hereby authorized and directed to take such actions as are required to cause
24 the delivery of the Bonds upon receipt of the purchase price thereof.

1 Section 9. Issuer Fees. The City, acting through MOHCD shall charge an annual
2 issuer fee for monitoring compliance by the Borrower with certain provisions of the Regulatory
3 Agreement up to an amount provided for under its standard issuer fee policies, or at some
4 lesser amount if required upon the advice of Co-Bond Counsel that such lesser amount is
5 necessary or advisable by the code. The annual monitoring fee due during the construction
6 period shall be payable at Bond closing. The Board hereby authorizes MOHCD to charge and
7 collect the fees described in this section.

8 Section 10. Modifications, Changes, and Additions. Any Authorized Officer executing
9 the Indenture, the Financing Agreement, the Regulatory Agreement or the Purchase Contract
10 (collectively, the "City Agreements") and the Official Statement, in consultation with the City
11 Attorney and Co-Bond Counsel, is hereby authorized to approve and make such
12 modifications, amendments, changes or additions to the City Agreements and the Official
13 Statement as may be necessary or advisable, provided that such modification does not
14 authorize an aggregate principal amount of Bonds in excess of the Allocation Amount, provide
15 for a final maturity on the Bonds later than 40 years from the date of execution and delivery
16 thereof, or provide for the Bonds to bear interest at a rate in excess of 12% per annum. The
17 approval of any modification, addition or change to any of the aforementioned documents
18 shall be evidenced conclusively by the execution and delivery of the document in question.

19 Section 11. Execution of Documents. Any document authorized herein may be
20 executed in multiple counterparts and any document authorized herein, except the Bonds and
21 the Regulatory Agreement, may be signed using electronic means.

22 Section 12. Ratification. All actions heretofore taken by the officers and agents of the
23 City with respect to the sale and issuance of the Bonds are hereby approved, confirmed and
24 ratified.

1 Section 13. General Authority. The proper officers of the City (including the Authorized
2 Officers) are hereby authorized and directed, for and in the name and on behalf of the City, to
3 do any and all things and take any and all actions and execute and deliver any and all
4 certificates, agreements (including, without implied limitation, any tax-exemption documents,
5 assignments, allonges, endorsements, subordinations and such other agreements to provide
6 adequate or additional security or indemnities as required by lenders to consummate the
7 financing) and other documents and amendments, including but not limited to those
8 documents described in the City Agreements in consultation with the City Attorney, which
9 they, or any of them, may deem necessary or advisable in order to consummate the lawful
10 issuance of the Bonds and to effectuate the purposes thereof and of the City Agreements.
11 Any such actions are solely intended to further the purposes of this Resolution and are subject
12 in all respects to the terms of the Resolution. No such actions shall increase the risk to the
13 City or require the City to spend any resources not otherwise contemplated herein. Final
14 versions of such documents shall be provided to the Clerk of the Board for inclusion in the
15 official file within 30 days of execution by all parties.

16 Section 14. File. All documents referenced herein as being on file with the Clerk of the
17 Board are located in File No. 250287, which is hereby declared to be a part of this Resolution
18 as if set forth fully herein.

19 ///

20 ///

21 ///

22 ///

23 ///

24 ///

25

1 Section 15. Effectiveness. This Resolution shall take effect from and after its adoption
2 by the Board and approval by the Mayor.

3
4 APPROVED AS TO FORM:
5 DAVID CHIU
6 City Attorney

7 By: /s/ HEIDI J. GEWERTZ
8 HEIDI J. GEWERTZ
9 Deputy City Attorney

INDENTURE OF TRUST

between

CITY AND COUNTY OF SAN FRANCISCO,
as Issuer

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

Dated as of May 1, 2025

Securing

\$[_____]

City and County of San Francisco
Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured)
(Sunnydale HOPE SF Block 9)
Series 2025B-1

\$[_____]

City and County of San Francisco
Multifamily Housing Revenue Bonds
(Sunnydale HOPE SF Block 9)
Series 2025B-2

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST, made and entered into as of May 1, 2025, by and between the **CITY AND COUNTY OF SAN FRANCISCO** (together with its successors and assigns, the “Issuer”), a municipal corporation and chartered city and county, organized and existing under the laws of the State of California (the “State”) and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association 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”);

W I T N E S S E T H:

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

WHEREAS, in order to provide the funds necessary for the acquisition, construction, and equipping of the Project (as hereinafter defined, along with any other capitalized term used but not defined in the Recitals or Granting Clauses of this Indenture, in Section 1.01), the Issuer has, pursuant to the Act, authorized the issuance of its Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured) (Sunnydale HOPE SF Block 9) Series 2025B-1 in the principal amount of \$[] (the “Series B-1 Bonds”) and its Multifamily Housing Revenue Bonds (Sunnydale HOPE SF Block 9) Series 2025B-2, in the aggregate principal amount of \$[] (the “Series B-2 Bonds,” and together with the Series B-1 Bonds, individually or collectively as context may dictate, the “Bonds”); and

WHEREAS, pursuant to the Financing Agreement dated as of the date hereof (the “Financing Agreement”) among the Issuer, the Trustee and Sunnydale Block 9 Housing Partners, L.P., a California limited partnership (the “Borrower”), the Issuer will use the proceeds of the Bonds to make two (2) loans to the Borrower, each evidenced by a promissory note (collectively, the “Bond Loan Notes”), to finance the acquisition, construction 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 (i) for deposit into the Series B-1 Collateral Fund Account (as hereinafter defined) as security for the Series B-1 Bonds prior to the MBS Delivery Date (as hereinafter defined) and (ii) for deposit into the Series B-2 Collateral Fund Account (as hereinafter defined) as security for the Series B-2 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 Series B-1 Collateral Fund Account and, to the extent amounts in the Series B-1 Collateral Fund Account are insufficient, amounts in the Series B-1 Bond Proceeds Fund Account, will be used on the MBS Delivery Date to acquire the MBS (as hereinafter defined) from Fannie Mae, which MBS will be backed by a mortgage loan (the “Permanent Loan”) from Wells Fargo Bank, National Association (together with its successors and assigns, the “Permanent Lender”) to the Borrower as evidenced by a multifamily note (the “Mortgage Note”) and secured by the Mortgage (as hereinafter defined); 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 B-1 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 MBS Revenues (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.

To (a) the Holders of the Series B-1 Bonds, all right, title and interest of the Issuer in and to the Series B-1 Bond Loan Note and (b) the Holders of the Series B-2 Bonds, all right, title and interest of the Issuer in and to the Series B-2 Bond Loan Note (except, in each case, the Reserved Rights of the Issuer) including all payments and proceeds with respect thereto or replacement thereof;

II.

To the Holders of the Series B-1 Bonds, all right, title and interest of the Issuer in and to amounts on deposit in the Series B-1 Bond Proceeds Fund Account to be funded at closing in an amount equal to the principal amount of the Series B-1 Bonds;

III.

To the Holders of the Series B-2 Bonds, all right, title and interest of the Issuer in and to amounts on deposit in the Series B-2 Bond Proceeds Fund Account to be funded at closing in an amount equal to the principal amount of the Series B-2 Bonds;

IV.

To the Holders of the Series B-1 Bonds, all right, title and interest of the Issuer in and to amounts on deposit in the Series B-1 Collateral Fund Account, Series B-1 Revenue Fund Account and the Series B-1 Negative Arbitrage Subaccount;

V.

To the Holders of the Series B-2 Bonds, all right, title and interest of the Issuer in and to amounts on deposit in the Series B-2 Collateral Fund Account, the Series B-2 Revenue Fund Account and the Series B-2 Negative Arbitrage Subaccount;

VI.

Solely with respect to the Series B-1 Bonds, the MBS, if issued by Fannie Mae and acquired by the Trustee, and all MBS Revenues;

VII.

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

VIII.

All other funds, accounts and 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;

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:

“30/360” means a computation of interest accrual on the basis of a three hundred sixty (360) day year under the assumption that all months, regardless of length, are comprised of exactly thirty (30) calendar days.

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

“*Attesting Officer*” means such officer or official of the Issuer who in accordance with the Resolution, the laws of the State, the bylaws or other governing documents of the Issuer or practice or custom, regularly certifies official acts and records of the Issuer, and includes any assistant or deputy officer to the principal officer or officers exercising such responsibilities.

“*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 managing member 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 Ann Silverberg, President of the administrative general partner of the Borrower.

“*Authorized Denomination*” means (a) with respect to the Series B-1 Bonds, \$5,000 or any integral multiple of \$1,000 in excess thereof, and (b) with respect to the Series B-2 Bonds, \$5,000, or any integral multiple of \$1,000 in excess thereof.

“*Authorized Officer*” means (a) the Mayor, the Director of the Mayor’s Office of Housing and Community Development, the Director of Housing Development and the Deputy Director of the Mayor’s Office of Housing and Community Development of the Issuer, and any other person designated to act on behalf of the Issuer by the Resolution, and (b) any Vice President or Assistant Vice President of the Trustee having regular responsibility for corporate trust matters.

“*Bankruptcy Code*” means the Federal Bankruptcy Code, Title 11 of the United States Code.

“*Beneficial Owner*” means, with respect to the Bonds, the purchaser of a beneficial interest in the Bonds.

“*Bond*” or “*Bonds*” means, individually or collectively as context may dictate, the Series B-1 Bonds and the Series B-2 Bonds.

“*Bond Counsel*” means (i) Kutak Rock LLP, (ii) Amira Jackmon, Attorney at Law, or (iii) an attorney at law or a firm of attorneys of recognized expertise in the field of federal income tax matters relating to municipal securities selected by the Issuer and acceptable to the Trustee.

“*Bond Dated Date*” means [_____].

“*Bond Loan Notes*” means, collectively, the Series B-1 Bond Loan Note and the Series B-2 Bond Loan Note.

“*Bond Maturity Date*” means (a) with respect to the Series B-1 Bonds, [____], provided that the final payment of principal with respect to the MBS will be made on [____], or the following Business Day if such day is not a Business Day, and will be passed through to the Bondholders on the next Business Day, and (b) with respect to the Series B-2 Bonds, [____].

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

“*Bond Purchase Agreement*” means the Bond Purchase Agreement, dated [____], 2025, 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, and any permitted successors or assigns of such entity.

“*Business Day*” means, with respect to the MBS and the Bonds, 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, a State holiday when the Issuer is authorized or obligated to be 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, 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, establishing, to the satisfaction of the Rating Agency, as applicable, (1) that (a) the amounts on deposit with the Trustee in the applicable account of the Bond Proceeds Fund, the Collateral Fund and the Revenue Fund, (b) projected investment income to accrue on amounts on deposit in the applicable account of 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 B-2 Bonds, as provided in Section 3.07 hereof, (iv) the optional redemption or retirement price of the Series B-2 Bonds in connection with an optional redemption or retirement thereof 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 5.12 hereof,

(v) the purchase, sale or exchange of Eligible Investments as provided in Section 5.12 hereof and (vi) the release of Excess Funds from the Series B-2 Negative Arbitrage Subaccount, as provided in Section 5.05 hereof and (2) following the release of Excess Funds from the Series B-1 Revenue Fund Account pursuant to this Indenture, that (i) there will remain on deposit in the Series B-1 Revenue Fund Account sufficient funds (without consideration of investment income or Eligible Funds not currently on deposit therein) together with scheduled MBS Payments coming due prior to the next Payment Date, to make the bond payment on such next Payment Date and (ii) the subsequent scheduled MBS Payments will be sufficient, together with any unreleased funds that are retained in the Series B-1 Revenue Fund Account, to pay the Series B-1 Bonds in the amount due on each subsequent Bond Payment Date. The cost and expense of obtaining such Cash Flow Projections shall be the sole responsibility of the Borrower.

“*Closing Date*” means May [___], 2025.

“*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 Wells Fargo Bank, National Association.

“*Construction Loan*” means the loan made from the Construction Lender to the Borrower in the original principal amount of \$[_____].

“*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 May 1, 2025, 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) acceptable to the Trustee and the Issuer.

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

“*Dissemination Agent*” means U.S. Bank Trust Company, National Association, 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) moneys drawn on a letter of credit;

- (c) any amounts received by the Trustee representing advances to the Borrower of proceeds of the Construction Loan and the Permanent Loan;

- (d) remarketing proceeds of the Series B-2 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 B-2 Bonds;

- (e) any other amounts for which the Trustee has received an Opinion of Counsel 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 or 550 of the Bankruptcy Code should the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;

(f) 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

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

“*Eligible Investments*” means, subject to the provisions of Section 5.12 hereof, any of the following obligations which mature (or are redeemable at the option of the Trustee without penalty) 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) Shares or units in any money market mutual fund rated “Aaa-mf” by Moody’s (or the equivalent Highest 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 that are registered under the Investment Company Act of 1940, as amended, whose investment portfolio consist solely of direct obligations of the government of the United States of America.

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

“*Excess Funds*” means an amount, (1) with respect to the Series B-1 Bonds, in excess of \$[____], or such other amount approved by the Rating Agency as calculated by a Cash Flow Projection, and (2) with respect to the Series B-2 Bonds, calculated by a Cash Flow Projection, equal to the excess of (i) the sum of (a) the amounts on deposit in the Series B-2 Negative Arbitrage Subaccount and (b) projected investment income to accrue on amounts on deposit in such account over (ii) the aggregate Series B-2 Bond payments, when due and payable on the Series B-2 Bonds.

“*Extension Deposit*” means the deposit of Eligible Funds (a) with respect to the Series B-1 Bonds, as described in Sections 3.04 and 5.05(b) hereof, and (b) with respect to the Series B-2 Bonds, the amount due, if any, to provide adequate additional funds for the payment of principal and interest due with respect to the Series B-2 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.

“*Extraordinary Issuer Fees and Expenses*” means the expenses and disbursements payable to the Issuer under this Indenture for Extraordinary Services and Extraordinary Expenses, including extraordinary fees, costs and expenses incurred by the Issuer, Bond Counsel and counsel to the Issuer which are to be paid by the Borrower pursuant to Section 4.05 of the Financing Agreement.

“*Extraordinary Services*” and “*Extraordinary Expenses*” mean all services rendered and all reasonable expenses properly incurred by the Trustee or the Issuer under this Indenture or the Financing Agreement, other than Ordinary Services and Ordinary Expenses. Extraordinary

Services and Extraordinary Expenses shall specifically include but are not limited to services rendered or expenses incurred by the Trustee or the Issuer in connection with, or in contemplation of, an Event of Default.

“Extraordinary Trustee Fees and Expenses” means the expenses and disbursements payable to the Trustee under this Indenture for Extraordinary Services and Extraordinary Expenses, including extraordinary fees, costs and expenses incurred by the Trustee and the Trustee’s counsel which are to be paid by the Borrower pursuant to Section 4.05 of the Financing Agreement.

“Fannie Mae” means the Federal National Mortgage Association, 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 [____], 2025, entered into between the Permanent Lender and Fannie Mae, as the same may be amended from time to time.

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

“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.

“Government Obligations” means (i) noncallable, non-redeemable direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged, and (ii) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (i) or (ii) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), which obligations, in either case, are not subject to redemption prior to maturity at less than par at the option of anyone other than the holder thereof.

“Highest Rating Category” means, with respect to an Eligible Investment, that the Eligible Investment is rated by a Rating Agency in the highest rating given by that Rating Agency for that Rating Category, provided that such rating shall include but not be below “Aaa” or “Aaa/VMIG 1” if rated by Moody’s or “A-1+” or “AA+” if rated by S&P.

“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 [_____].

“Initial Payment Date” means [_____], on which date interest shall be due and payable for the period from the Closing Date to, but not including [_____].

“Initial Remarketing Date” means the Initial Mandatory Tender Date, but only if the conditions for remarketing the Series B-2 Bonds on such date, as provided in Section 3.07 hereof, are satisfied.

“Initial Series B-2 Bond Rate” means [_____] percent ([_____]%).

“Initial Termination Date” means [_____].

“Interest Period” means with respect to the Series B-2 Bonds, initially, the period from the Closing Date to but not including [_____], and thereafter, the period commencing on each succeeding Series B-2 Bond Payment Date and ending on the day preceding the next Series B-2 Bond Payment Date.

“Investor Limited Partner” means Wells Fargo Bank, National Association, and its successors and/or assigns.

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

“Issuer Fees and Expenses” means, collectively, the Ordinary Issuer Fees and Expenses and the Extraordinary Issuer Fees and Expenses. The Issuer Fees and Expenses shall be payable by the Borrower, and not from funds pledged to the benefit of the Trust Estate.

“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 or retirement 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 B-2 Bonds Outstanding on such date or on any subsequent Mandatory Tender Date are remarketed pursuant to Section 3.05 hereof for a Remarketing Period that does not extend to the final maturity of the Series B-2 Bonds, the day after the last day of the Remarketing Period.

“Maximum Interest Rate” means the lesser of (i) twelve percent (12%) per annum and (ii) the maximum interest rate allowed by law.

“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 first (1st) 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 [____], 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 Maturity Date*” means [____]

“*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 deed of trust securing the Permanent Loan, together with all riders and exhibits, executed by the Borrower for the benefit of the Permanent Lender, as the same may be amended from time to time.

“*Mortgage Note*” means the instrument evidencing the obligation to repay the Permanent Loan, dated the Conversion Date, if such Permanent Loan is originated, as the same may be amended from time to time.

“*Multifamily Loan and Security Agreement*” means the Multifamily Loan and Security Agreement (Non-Recourse) executed by the Borrower and the Permanent Lender and dated the Conversion Date, if such agreement is entered into.

“*Negative Arbitrage Account*” means the Negative Arbitrage Account of the Revenue Fund created pursuant to Section 5.02 hereof.

“*Negative Arbitrage Deposit*” means individually or collectively, as applicable, the Series B-1 Negative Arbitrage Deposit and the Series B-2 Negative Arbitrage Deposit.

“*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 B-2 Bonds are subject to optional redemption or retirement pursuant to Section 3.01(g) hereof.

“Ordinary Issuer Fees and Expenses” means the ordinary fees and expenses of the Issuer in connection with the Bonds, Bond Loan Notes and Regulatory Agreement, including the ongoing fee of the Issuer as set forth in Section 17 of the Regulatory Agreement.

“Ordinary Services” and *“Ordinary Expenses”* mean those services normally rendered, and those expenses normally incurred, by an issuer or a trustee under instruments similar to this Indenture.

“Ordinary Trustee Fees and Expenses” means amounts due to the Trustee for the Ordinary Services and the Ordinary Expenses of the Trustee incurred in connection with its duties under this Indenture, payable annually in advance on the Closing Date and on each May 1 thereafter in the amount of \$[] (together with an acceptance fee of \$[] payable upon execution of this Indenture); provided, however, the amount of Ordinary Trustee Fees and Expenses payable under this Indenture is limited to money withdrawn from the Costs of Issuance Fund and the Borrower will be responsible to pay the remaining amount of the Ordinary Trustee Fees and Expenses pursuant to Section 4.05 of the Financing Agreement. In addition, all amounts due to the Trustee for Extraordinary Services and all Extraordinary Expenses of the Trustee will be paid directly by the Borrower pursuant to Section 4.05 of the Financing Agreement.

“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, redemption or retirement 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, redemption or retirement 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 or retirement date of such Bond) and, except in the case of a Bond to be paid at maturity, as to which a redemption or retirement 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.

“Pass-Through Rate” means [] percent ([]%) per annum with respect to the MBS.

“Payment Date” means the Series B-1 Bond Payment Date and the Series B-2 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, as may be subsequently modified by the Permanent Lender on the Conversion Date.

“Permanent Loan Documents” means, collectively, the 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. Neither the Financing Agreement nor the Regulatory Agreement is a Permanent Loan Document and neither document is secured by the Mortgage.

“Project” means the multifamily rental housing development, known as Sunnydale HOPE SF Block 9, located in San Francisco, California, on the site described in the Mortgage.

“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, 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 this 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, 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, and initially means Moody’s so long as Moody’s is rating the Bonds.

“*Rating Category*” means one of the rating categories of the Rating Agency for the specific type and duration of the applicable Eligible Investment.

“*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. The initial Rebate Analyst will be Kutak Rock LLP.

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

“*Record Date*” means (a) with respect to the Series B-1 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 B-2 Bonds, the fifteenth (15th) day of the calendar month immediately preceding each Series B-2 Bond Payment Date.

“*Redemption Price*” means the amount required to be delivered to pay principal of, interest on, and redemption or retirement premium, if any, in connection with a redemption or retirement 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 relating to the Project, dated as of May 1, 2025, by and between the Issuer and the Borrower, as it may be amended, supplemented or restated from time to time.

“*Remarketing Agent*” means, initially, Wells Fargo Bank, National Association, 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 May 1, 2025, 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 B-2 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 B-2 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 4.04 of the Financing Agreement, incurred by the Trustee and its counsel, the Remarketing Agent and its counsel and the Dissemination Agent in connection with the remarketing of the Series B-2 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 B-2 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 B-2 Bonds are remarketed pursuant to Section 3.07 or the final Bond Maturity Date of the Series B-2 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 B-2 Bonds 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 B-2 Bonds, as applicable.

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

“*Reserved Rights*” means those certain rights of the Issuer under the Financing Documents to which the Issuer is a party to indemnification and to payment or reimbursement of fees and expenses of the Issuer, its right to receive notices and to enforce notice and reporting requirements, its right to inspect and audit the books, records and premises of the Borrower and of the Project, its right to collect attorneys’ fees and related expenses, its right to specifically enforce the Borrower’s covenant to comply with applicable federal tax law and State law (including the Act and the rules and regulations of the Issuer, if any), and its right to give or withhold consent to amendments, changes, modifications and alterations to the Financing Documents relating to the Reserved Rights.

“*Resolution*” means, collectively, the resolution of the Issuer adopted on [____], 2025, authorizing the issuance and sale of the Bonds.

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

“S&P” means S&P Global Ratings, and its successors and assigns, or if it shall for any reason no longer perform the functions of a securities rating agency, then any other nationally recognized rating agency designated by the Borrower and acceptable to the Trustee and the Remarketing Agent.

“*Series B-1 Bond Loan Note*” means, with respect to the Series B-1 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 B-1 Bond Payment Date*” means (i) with respect to interest, [] 1 and [] 1 of each year, commencing on the Initial Payment Date, and (ii) with respect to principal and interest, the stated maturity date for any of the Bonds or any earlier date of redemption or retirement of any of the Bonds.

“*Series B-1 Bond Proceeds Fund Account*” means the Series B-1 Account of the Bond Proceeds Fund created pursuant to Section 5.02 hereof.

“*Series B-1 Bonds*” means the Issuer’s Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured) (Sunnydale HOPE SF Block 9) Series 2025B-1 in the aggregate principal amount of \$[] authorized under, secured by and issued pursuant to this Indenture.

“*Series B-1 Collateral Fund Account*” means the Series B-1 Account of the Collateral Fund created pursuant to Section 5.02 hereof.

“*Series B-1 Negative Arbitrage Deposit*” means Eligible Funds in the amount of \$[0.00] to be deposited on the Closing Date into the Series B-1 Negative Arbitrage Subaccount and as otherwise set forth in Section 5.04 hereof.

“*Series B-1 Negative Arbitrage Subaccount*” means the Series B-1 Negative Arbitrage Subaccount of the Negative Arbitrage Account of the Revenue Fund created pursuant to Section 5.02 hereof.

“*Series B-1 Negative Arbitrage Transfer*” means the transfer by the Trustee, on the Closing Date, in the amount of \$[], from the Series B-2 Bond Proceeds Fund Account into the Series B-1 Negative Arbitrage Subaccount, as set forth in the Cash Flow Projection provided on the Closing Date in connection with the issuance of the Bonds.

“*Series B-1 Revenue Fund Account*” means the Series B-1 Account of the Revenue Fund created pursuant to Section 5.02 hereof.

“*Series B-2 Bond Loan Note*” means, with respect to the Series B-2 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 B-2 Bond Payment Date*” means (i) [] 1 and [] 1 of each year, beginning on [], (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 B-2 Bonds.

“*Series B-2 Bond Proceeds Fund Account*” means the Series B-2 Account of the Bond Proceeds Fund created pursuant to Section 5.02 hereof.

“*Series B-2 Bonds*” means the Issuer’s Multifamily Housing Revenue Bonds (Sunnydale HOPE SF Block 9) Series 2025B-2 in the aggregate principal amount of \$[_____] authorized under, secured by and issued pursuant to this Indenture.

“*Series B-2 Collateral Fund Account*” means the Series B-2 Account of the Collateral Fund created pursuant to Section 5.02 hereof.

“*Series B-2 Negative Arbitrage Deposit*” means Eligible Funds in the amount of \$[0.00] to be deposited on the Closing Date into the Series B-2 Negative Arbitrage Subaccount and as otherwise set forth in Section 5.04 hereof.

“*Series B-2 Negative Arbitrage Subaccount*” means the Series B-2 Negative Arbitrage Subaccount of the Negative Arbitrage Account of the Revenue Fund created pursuant to Section 5.02 hereof.

“*Series B-2 Revenue Fund Account*” means the Series B-2 Account of the Revenue Fund created pursuant to Section 5.02 hereof.

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

“*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 the Tax Certificate as to Arbitrage and the Provisions of Section 103 and 141-150 of the Internal Revenue Code of 1986, dated the Closing Date, executed by the Issuer and the Borrower, as amended, supplemented or otherwise modified from time to time.

“*Termination Date*” means (a) initially, the Initial Termination Date and (b) if the Borrower exercises its extension option, [_____] 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 Fees and Expenses” means, collectively, the Ordinary Trustee Fees and Expenses and the Extraordinary Trustee Fees and Expenses.

“Underwriter” means Wells Fargo Bank, National Association.

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 Housing Revenue Bonds (Fannie Mae MBS-Secured) (Sunnydale HOPE SF Block 9) Series 2025B-1 are hereby authorized to be issued in an aggregate principal amount of \$[] and Multifamily Housing Revenue Bonds (Sunnydale HOPE SF Block 9) Series 2025B-2 are hereby authorized to be issued in an aggregate principal amount of \$[] 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 B-1 Bonds shall be dated as of the Bond Dated Date and shall be payable on each Series B-1 Bond Payment Date. Interest on the Series B-1 Bonds shall be calculated on the basis of a year of 30/360. Except as otherwise provided in Section 3.01(e) hereof, the payment of interest on a Series B-1 Bond Payment Date shall be in an amount equal to the interest accrued during the preceding six (6) calendar months; provided that the payment of interest on the Initial Payment Date shall relate to the interest accrued from the Bond Dated Date to and including the calendar day immediately preceding the Initial Payment Date.

(b) The Series B-2 Bonds shall be dated as of the Bond Dated Date, shall bear interest, payable on each Series B-2 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 B-2 Bond Rate and thereafter shall bear interest at the Remarketing Rate for each subsequent Remarketing Period, and shall mature (subject to prior redemption or retirement as set forth herein) on the Bond Maturity Date. The payment of interest on a Series B-2 Bond Payment Date shall be in an amount equal to the interest accrued during the Interest Period ending on the day preceding such Series B-2 Bond Payment Date; provided, however, that in no event shall interest paid on the Series B-2 Bonds exceed the Maximum Interest Rate. Interest on the Series B-2 Bonds shall be calculated on the basis of a year of 30/360.

(c) The Series B-1 Bonds shall mature (subject to prior redemption set forth herein) at the dates, and shall bear interest at the rates per annum (not to exceed the Maximum Interest Rate), set forth below:

Maturity Date	Principal Amount	Interest Rate	CUSIP Number
[]	\$[]	[]%	[]

(d) The Bonds shall be issued as registered bonds without coupons in Authorized Denominations. The Bonds shall be lettered "R" and shall be numbered

separately from “1” consecutively upwards. The Bonds shall be issued initially as Book-Entry Bonds.

(e) 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(e) 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(e) hereof and a maturity of the Series B-1 Bonds pursuant to Section 2.02(c) 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.

(f) The Bonds shall be subject to redemption or retirement prior to maturity as provided in Article III.

(g) 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. 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.

Notwithstanding anything to the contrary herein or to the contrary in any Financing Document:

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE. NONE OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER TO THE LIMITED EXTENT AUTHORIZED BY THE ACT AND SET FORTH HEREIN) NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH HEREIN, AND, NOTWITHSTANDING ANYTHING HEREIN OR IN ANY OTHER INSTRUMENT TO THE CONTRARY, NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS THEREUNDER SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

Neither the faith and credit nor the taxing power of the State, the Issuer, any public agency or any political subdivision of the State is pledged to the payment of the principal of, premium, if any, purchase price of or interest on the Bonds, nor is the State, the Issuer, any public agency or any political subdivision of the State, in any manner obligated to make any appropriation for such payment.

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

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 forms 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.

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;
- (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, 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, dated the Closing Date, to the effect that, subject to any exceptions or qualifications stated therein, the interest on the Bonds is excluded from gross income for federal income tax purposes under existing laws and is exempt from State personal income taxes;
- (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, but for the account of the Issuer, of a sum specified in such request and authorization, plus accrued interest thereon, if any, to the date of delivery. 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 the Highest Rating Category by the Rating Agency; 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 connection therewith. 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 Outstanding. The Trustee is also hereby appointed as paying agent for the 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 therefor a Bond of equal aggregate principal amount of the same maturity 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 or retirement 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 2.08, 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 (except the Reserved Rights), subject only to the provisions of this Indenture permitting the application thereof for other purposes, provided that (i) the Series B-1 Bond Proceeds Fund Account, the Series B-1 Collateral Fund Account, the Series B-1 Revenue Fund Account, and the Series B-1 Negative Arbitrage Subaccount secure only the Series B-1 Bonds and (ii) the Series B-2 Bond Proceeds Fund Account, the Series B-2 Collateral Fund Account, the Series B-2 Revenue Fund Account and the Series B-2 Negative Arbitrage Subaccount shall secure only the Series B-2 Bonds. 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 B-1 Bonds (except the Reserved Rights), 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. Fannie Mae is not responsible for the application of MBS payments to Bondholders. Fannie Mae has made no representation as to whether the scheduled MBS payments will be sufficient in amounts to provide for the scheduled payments on the Bonds, including interest payments, sinking fund payments pursuant to Section 3.01(d), or prepayments pursuant to Section 3.01(e).

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 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 THIS 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 or retirement 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 or retired 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 or retirement 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 the written acceptance by the Trustee of the Representation Letter, the Trustee shall agree, and hereby agrees, to take all actions necessary for all representations of the Issuer in the Representation Letter with respect to the Trustee to at all times be complied with. 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 ninety (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 authorize 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.

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.

ARTICLE III

REDEMPTION, RETIREMENT, MANDATORY TENDER AND REMARKETING OF BONDS

Section 3.01. Terms of Redemption or Retirement. The Bonds shall be subject to redemption or retirement prior to maturity as stated in this Section. Any redemption or retirement in part shall be in Authorized Denominations. The Permanent Lender shall furnish the Trustee and the Issuer with a revised Permanent Loan Amortization Schedule in connection with any redemption in part of the Series B-1 Bonds.

(a) ***Series B-1 Bonds - Mandatory Redemption Prior to MBS Delivery Date.*** On any Series B-1 Bond Payment Date that occurs prior to or during the month in which the MBS is delivered to the Trustee, the Series B-1 Bonds are subject to mandatory redemption in part in an amount equal to the amount due on the first day of the month in which such Series B-1 Bond Payment Date occurs as shown in the Permanent Loan Amortization Schedule, payable with respect to principal first, from money on deposit in the Series B-1 Collateral Fund Account and second, from money on deposit in the Series B-1 Bond Proceeds Fund Account, and with respect to interest, from money on deposit in the Series B-1 Revenue Fund Account.

(b) ***Series B-1 Bonds – Mandatory Redemption Upon Failure to Convert or Failure to Purchase the MBS by the MBS Delivery Date Deadline.*** The Series B-1 Bonds are subject to mandatory redemption in whole five (5) calendar days after the MBS

Delivery Date Deadline at a Redemption Price equal to one hundred percent (100%) of the Outstanding principal amount thereof, plus interest accrued but unpaid from the first (1st) day of the month in which the last Series B-1 Bond Payment Date occurred (or, if no Series B-1 Bond Payment Date has occurred, from the Bond Dated Date) to, but not including, such redemption date, if either the Conversion Date or 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 B-1 Collateral Fund Account and second, from money on deposit in the Series B-1 Bond Proceeds Fund Account, and with respect to premium, if any, and interest, from money on deposit in the Series B-1 Revenue Fund Account.

(c) ***Series B-1 Bonds – Mandatory Redemption on the MBS Delivery Date.***

The Series B-1 Bonds are subject to mandatory redemption in part on the MBS Delivery Date at a Redemption Price equal to [one hundred percent] ([100]%) of the principal amount of the Series B-1 Bonds to be redeemed, plus interest accrued but unpaid from the first day of the month in which the last Series B-1 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 B-1 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 B-1 Collateral Fund Account and second, from money on deposit in the Series B-1 Bond Proceeds Fund Account, and with respect to interest and premium, if any, from money on deposit in the Series B-1 Revenue Fund Account and other Eligible Funds.

(d) ***Series B-1 Bonds – Mandatory Sinking Fund Redemption.***

The Series B-1 Bonds are subject to mandatory redemption on the respective dates set forth in the schedule below, at the Redemption Price equal to the principal amount thereof, plus accrued interest to, but not including the redemption date.

Sinking Fund Payment Date	Amount	Sinking Fund Payment Date	Amount	Sinking Fund Payment Date	Amount

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(e) ***Series B-1 Bonds – Mandatory Redemption Following Unscheduled Prepayment of the Permanent Loan.***

(i) The Series B-1 Bonds are subject to mandatory redemption in whole or in part one (1) Business Day after the date on which any unscheduled MBS principal payment or prepayment is received by the Trustee, at a Redemption Price equal to [one hundred] percent ([100])% of the principal amount thereof, plus accrued interest and premium, if any, received pursuant to the MBS. Any scheduled principal payments made pursuant to the Permanent Loan Amortization Schedule shall be retained by the Trustee and used to make sinking fund payments as set forth in Section 3.01(d) hereof.

(ii) The Permanent Loan is subject to optional prepayment by the Borrower. Any yield maintenance or prepayment penalty in connection with the prepayment of the Permanent Loan that is received by the Trustee as holder of the MBS will be distributed to Bondholders, as applicable; however, no assurance can be given that all or any portion of such yield maintenance or prepayment penalty will be received by the Trustee as holder of the MBS.

(f) ***Series B-2 Bonds – Mandatory Redemption or Retirement for Failure to Remarket.*** The Series B-2 Bonds are subject to mandatory redemption or retirement in whole at a redemption or retirement price of one hundred percent (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 B-2 Bonds; (ii) the conditions to remarketing set forth in Section 3.07(b) or Section 3.07(f) hereof 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 B-2 Bonds being remarketed on such Mandatory Tender Date. Series B-2 Bonds subject to redemption or retirement in accordance with this paragraph shall be redeemed or retired from (i) amounts on deposit in the Series B-2 Collateral Fund Account, (ii) amounts on deposit in the Series B-2 Negative Arbitrage Subaccount of the Negative Arbitrage Account of the Revenue Fund, (iii) amounts on deposit in the Series B-2 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 B-2 Bonds – Optional Redemption or Retirement of Series B-2 Bonds.*** The Series B-2 Bonds are subject to optional redemption or retirement, in whole but not in part, by the Issuer at the written direction of the Borrower on any date on or after the later to occur of (i) the date 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 from the Borrower confirming that the Project is placed in service for purposes of Section 42 of the Code and (ii) the Initial

Mandatory Tender Date (the “Optional Redemption Date”) at a redemption or retirement price equal to one hundred percent (100%) of the principal amount of the Series B-2 Bonds plus accrued interest, but without premium, to the Optional Redemption Date. On and after the Initial Remarketing Date, the Borrower, in consultation with the Remarketing Agent, may establish an optional redemption or retirement date with respect to any subsequent Remarketing Period (which optional redemption or retirement date shall be (i) a Mandatory Tender Date, (ii) the date which is equivalent to fifty percent (50%) of the Remarketing Period, or (iii) a date for which there has been delivered an opinion of Bond Counsel to the effect that the establishment of such optional redemption or retirement date will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series B-2 Bonds) and, thereafter, the Series B-2 Bonds are subject to optional redemption or retirement in whole or in part by the Issuer at the written direction of the Borrower (with delivery of a Cash Flow Projection and written notice to the Trustee at least thirty (30) days prior to the proposed redemption or retirement date and, in the case of a redemption or retirement in part, specifying the principal amount of the Series B-2 Bonds to be redeemed or retired) on or after the applicable redemption or retirement date at a redemption or retirement price of one hundred percent (100%) of the principal amount of such Series B-2 Bonds to be redeemed or retired plus accrued interest to the applicable redemption or retirement date.

Notwithstanding anything to the contrary herein, the Series B-1 Bonds are not subject to optional redemption, but are subject to redemption at a redemption price equal to one hundred percent (100%) of the principal amount of the Series B-1 Bonds prior to maturity in connection with a prepayment of the Permanent Loan as set forth herein.

(h) ***Selection of Bonds for Redemption.*** If less than all of the Series B-1 Bonds are redeemed pursuant to Section 3.01(d), the Series B-1 Bonds shall be redeemed in accordance with the respective schedules set forth in this Indenture. In the event the Series B-1 Bonds are redeemed in part other than pursuant to Section 3.01(d), the Series B-1 Bonds shall be redeemed ratably across all maturities and the scheduled principal payments on the Series B-1 Bonds to remain outstanding and the mandatory redemption requirements for each maturity described in this Indenture shall be adjusted so that the resulting debt service on the Series B-1 Bonds (including scheduled mandatory redemption payments) during each six (6)-month period commencing on each Series B-1 Bond Payment Date is proportional, as nearly as practicable, to the payments on the MBS during each such six (6)-month period, without exceeding the amount available from MBS payments, and other available funds under this Indenture that may be used to pay debt service on the Bonds, during each such six (6)-month period. All Series B-1 Bonds to be redeemed within the same maturity shall be selected ratably.

Except as otherwise described above, any Bond to be called for redemption shall be selected by the Trustee by lot, such selection to be made prior to the date on which notice of such redemption must be given and Bonds shall be redeemed as soon as practicable after an event causing a redemption shall have occurred. The Trustee shall have no liability for such selections made without gross negligence or willful misconduct.

If it is determined that less than all of the principal amount represented by any Bond is to be called for redemption, then, following notice of intention to redeem such principal amount, the holder thereof shall surrender such Bond to the Trustee on or before the applicable redemption date for (a) payment on the redemption date to such Bondholder of the Redemption Price of the amount called for redemption and (b) delivery to such Bondholder of a new Bond or Bonds of such Series in an aggregate principal amount equal to the unredeemed balance of such Bond. A new Bond representing the unredeemed balance of such Bond shall be issued to the registered owner thereof, without charge therefor. If the registered owner of any Bond selected for redemption shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the amount called for redemption (and to that extent only).

Section 3.02. Notice of Redemption or Retirement.

(a) Anytime the Bonds are subject to redemption or retirement in whole or in part pursuant to Section 3.01 hereof (except for a redemption pursuant to Sections 3.01(a), (d) and (e)), the Trustee, in accordance with the provisions of this Indenture, shall give at least five (5) calendar days' notice (or such greater number of days as required by the Depository), in the name of the Issuer, at the written direction of the Issuer, upon written request of the Borrower, of the redemption of the Series B-1 Bonds and at least five (5) but not more than ten (10) calendar days' notice (or such greater number of days as required by the Depository), in the name of the Issuer, at the written direction of the Issuer, at the written request of the Borrower, of the redemption or retirement of the Series B-2 Bonds, which notice shall specify the following: (i) the maturity and principal amounts of the Bonds to be redeemed or retired; (ii) the CUSIP number, if any, of the Bonds to be redeemed or retired; (iii) the date of such notice; (iv) the issuance date for such Bonds; (v) the interest rate on the Bonds to be redeemed or retired; (vi) the redemption or retirement date; (vii) any conditions to the occurrence of the redemption or retirement; (viii) the place or places where amounts due upon such redemption or retirement 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 or retirement 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 redemption date set forth in such notice if (i) the MBS is delivered on or prior to such redemption date 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 or retirement. Notwithstanding anything herein to the contrary, no notice of redemption shall be required with respect to redemptions pursuant to Sections 3.01(a), (d) or (e) hereof. With respect to a mandatory redemption or retirement pursuant to Section 3.01(f) or an optional redemption or retirement of the Bonds on a Mandatory Tender Date, the notice of mandatory tender provided to Holders pursuant to Section 3.06 hereof shall serve as the notice of redemption or retirement required by this Section 3.02 and shall satisfy the requirements of this Section 3.02, and no further notice of redemption or retirement will be required to the Bondholders.

(b) The Bonds to be redeemed or retired in part pursuant to Section 3.01 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 under this Indenture), the Trustee shall provide, ten (10) Business Days prior to the MBS Delivery Date Deadline, written notice of such non-purchase to the Borrower, the Lender, the Issuer and the Underwriter.

(d) Notices of optional redemption or retirement of the Series B-2 Bonds shall be revocable in the event that there is not on deposit with the Trustee prior to the date of redemption or retirement money sufficient to pay the redemption or retirement price of the Series B-2 Bonds to be redeemed or retired or, in the case of any redemption or retirement premium on the Series B-2 Bonds, there are not on deposit Eligible Funds sufficient to pay such redemption or retirement premium.

Notwithstanding this Section 3.02, no prior notice shall be a prerequisite to the effectiveness of any redemption or retirement under Section 3.01 hereof which redemption or retirement 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 or Retirement Price. With respect to any redemption or retirement 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), (d) or (e) hereof), and all conditions to the redemption or retirement contained in such notice, if applicable, having been met, the Bonds so called for redemption or retirement shall become due and payable on the redemption or retirement date so designated at the Redemption Price specified in Section 3.01 hereof, and (except in the case of a redemption pursuant to Sections 3.01 (a), (d) or (e) hereof) 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 or retired Bonds shall be made in accordance with the Representation Letter of the Issuer. If, on the redemption or retirement date, moneys for the redemption or retirement of all of the Bonds to be redeemed or retired, together with all accrued interest on such Bonds (which, with respect to the Series B-1 Bonds only, shall equal all interest accrued on the MBS), if delivered, to the redemption or retirement date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption or retirement shall have been given as aforesaid, then, from and after the redemption or retirement date, interest on the Bonds so called for redemption or retirement shall cease to accrue.

Section 3.04. Extension of MBS Delivery Date Deadline. At any time prior to the MBS Delivery Date Deadline, 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 B-1 Negative Arbitrage Subaccount of the 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 B-1 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 B-1 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 B-1 Bonds pursuant to Sections 3.01(b) or (c), as applicable; provided, however, the MBS Delivery Date Deadline may not be extended to a date that is later than the fourth (4th) 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 B-2 Bonds.

(a) ***Purchase of Series B-2 Bonds on Mandatory Tender Dates.*** All Outstanding Series B-2 Bonds shall be subject to mandatory tender (with no right of retention) by the Bondholders for purchase in whole and not in part on each Mandatory Tender Date. The purchase price for each such Series B-2 Bond shall be payable in lawful money of the United States of America by wire, check or draft, shall equal one hundred percent (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.

(b) ***Holding of Tendered Series B-2 Bonds.*** While tendered Series B-2 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 B-2 Bonds through the day preceding the applicable Mandatory Tender Date is to be paid as if such Series B-2 Bonds had not been tendered for purchase.

(c) ***Purchase of Tendered Series B-2 Bonds.*** The Trustee shall utilize amounts representing proceeds of remarketed Series B-2 Bonds on deposit in the Remarketing Proceeds Account to pay the principal amount, plus accrued interest, of Series B-2 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 B-2 Bonds must be redeemed or retired 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 or retired in accordance with Section 3.01(f).

(e) ***Undelivered Bonds.*** Series B-2 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 Series B-2 Bonds to the Trustee, and subject to the right of the

holders of such undelivered Series B-2 Bonds to receive the purchase price of such undelivered Series B-2 Bonds on the Mandatory Tender Date, such undelivered Series B-2 Bonds shall be null and void. If such undelivered Series B-2 Bonds are to be remarketed, the Trustee shall authenticate and deliver new Series B-2 Bonds in replacement thereof pursuant to the remarketing of such undelivered Series B-2 Bonds.

Section 3.06. Notice of Mandatory Tender.

(a) ***Notice to Holders.*** No later than the thirtieth (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 B-2 Bonds 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 B-2 Bonds are subject to mandatory tender for purchase on the Mandatory Tender Date, (B) all Outstanding Series B-2 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 B-2 Bonds;

(ii) the address of the designated corporate trust office of the Trustee at which Bondholders should deliver their Series B-2 Bonds for purchase and the date of the required delivery;

(iii) that all Outstanding Series B-2 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 B-2 Bonds on the Mandatory Tender Date, all of the Series B-2 Bonds will be redeemed or retired, without further notice, on the Mandatory Tender Date; and

(v) that any Series B-2 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 B-2 Bond required to be delivered to the Trustee for payment of the purchase price of such Series B-2 Bond shall not have been delivered to the Trustee on or before the thirtieth (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 B-2 Bond to the Trustee and stating that delivery of the Series B-2 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 B-2 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 B-2 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 B-2 Bonds shall be tendered or deemed to be tendered pursuant to Section 3.05 hereof.

(b) ***Preliminary Conditions to Remarketing.*** No later 11:00 a.m. Local Time on the thirtieth (30th) day prior to the Mandatory Tender Date then in effect, if the Borrower elects to cause the Series B-2 Bonds to be remarketed, the Borrower must give notice to the Remarketing Notice Parties by telephone or telecopy, confirmed on the same day in writing, of such election. A remarketing of the Series B-2 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 B-2 Bonds or that no such disclosure document or offering material are required.

If the foregoing conditions 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 B-2 Bonds shall be redeemed or retired in accordance with Section 3.01(f).

(c) ***Establishment of Remarketing Rate.*** The Remarketing Agent shall establish the interest rate on the Series B-2 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 B-2 Bonds 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 State law, the Series B-2 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 one hundred percent (100%) of the principal amount of such Series B-2 Bonds that would not exceed the maximum interest rate permitted by applicable State law. Notwithstanding the foregoing, if the rate of interest so determined for any Remarketing Period would exceed the maximum interest rate permitted by applicable State law, the Series B-2 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 Trustee, the Issuer, the Investor Limited Partner, and the Borrower. The Remarketing Rate and the Remarketing Period shall be conclusive and binding upon the Trustee, the Issuer, the Borrower and the Holders for the purposes of this Indenture.

(e) **Remarketing.** No later than the tenth (10th) day prior to each Mandatory Tender Date, the Remarketing Agent shall offer for sale and use its best efforts to sell the Series B-2 Bonds Outstanding on the Mandatory Tender Date at a price equal to one hundred percent (100%) of the principal amount of such Series B-2 Bonds plus accrued interest on such Series B-2 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 Electronic Means, promptly confirmed in writing, to the Remarketing Notice Parties specifying the principal amount of Series B-2 Bonds, if any, it has remarketed (including Series B-2 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 B-2 Bonds.

The Remarketing Agent shall have the right to remarket the Series B-2 Bonds tendered pursuant to Section 3.05 hereof; provided, however, that no Series B-2 Bond shall be remarketed unless all of the Outstanding Series B-2 Bonds are remarketed and all such Series B-2 Bonds shall be remarketed at a price not less than the amount equal to one hundred percent (100%) of the principal amount thereof plus accrued interest (if any). The Remarketing Agent shall have the right to purchase any Series B-2 Bond tendered or deemed tendered pursuant to Section 3.05 hereof at the purchase price thereof, and to thereafter sell such Series B-2 Bond. Any such purchase shall constitute a remarketing hereunder.

The Remarketing Agent shall not remarket any Series B-2 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.*** (A) If, no later than four (4) Business Days prior to a Mandatory Tender Date (i) the Remarketing Agent shall have notified the Trustee in writing of the remarketing of the Outstanding Series B-2 Bonds and that the proceeds from the remarketing (including proceeds of remarketing of Outstanding Series B-2 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 B-2 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 (ii) 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 B-2 Bonds will continue to be effective on the Remarketing Date; and (B) if, no later than two (2) Business Days prior to a Mandatory Tender Date, there shall be on deposit with the Trustee, from 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 Electronic Means 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 B-2 Bonds have been satisfied and (b) the sale and settlement of the Outstanding Series B-2 Bonds is expected to occur on the Mandatory Tender Date. Following the Trustee's notice, the Outstanding Series B-2 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 B-2 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 B-2 Bonds tendered for purchase on such Mandatory Tender Date. The proceeds from the remarketing of the Series B-2 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 tenth (10th) day prior to each Mandatory Tender Date, the Remarketing Agent, by Electronic Means, shall notify the Trustee of (i) the principal amount of Series B-2 Bonds to be sold by the Remarketing Agent pursuant to this Section 3.07 and the purchase price, and, unless the Series B-2 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 B-2 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 B-2 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 B-2 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 on or Prior to Termination Date; Delivery of MBS.

(a) ***Conversion on or Prior to Termination Date.*** If the Conversion Date occurs on or prior to the Termination Date, 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) ***Delivery of MBS.*** 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 Permanent 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 the Trustee shall confirm that such MBS meets the following requirements:

(i) the MBS shall bear interest at the Pass-Through Rate payable on the twenty-fifth (25th) day of each month, commencing on the twenty-fifth (25th) day of the month following the month in which the Trustee purchases the MBS, or if any such twenty-fifth (25th) day is not a Business Day, the next succeeding Business Day, and shall mature on the MBS Maturity Date; and

(ii) 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 MBS shall be registered in the name of the Trustee or its designee. The Trustee shall receive confirmation in writing that the United States Federal Reserve Bank 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 B-1 Revenue Fund Account, (ii) a Series B-2 Revenue Fund Account, (iii) a Negative Arbitrage Account, including therein a Series B-1 Negative Arbitrage Subaccount and a Series B-2 Negative Arbitrage Subaccount; and (iv) a Remarketing Proceeds Account;
- (b) Bond Proceeds Fund, including therein (i) a Series B-1 Bond Proceeds Fund Account and (ii) a Series B-2 Bond Proceeds Fund Account;
- (c) Collateral Fund, including therein (i) a Series B-1 Collateral Fund Account and (ii) a Series B-2 Collateral Fund Account;
- (d) Costs of Issuance Fund, and therein, a Remarketing Expense Account; and
- (e) Rebate Fund.

The Trustee shall, at the written direction of an Authorized Borrower Representative and may, in its discretion, establish such additional accounts within any fund, and subaccounts within any of the accounts, as the Issuer or the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that fund and its accounts, or for the purpose of complying with the requirements of the Code, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of this Indenture with respect to a deposit or use of money in the respective Funds, or result in commingling of funds not permitted hereunder.

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 B-1 Collateral

Fund Account and, to the extent sufficient funds are not otherwise available in the Series B-1 Collateral Fund Account, from the Series B-1 Bond Proceeds Fund Account), 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 to, but not including, the MBS Delivery Date (from amounts on deposit in the Series B-1 Revenue Fund Account, and, to the extent amounts in the Series B-1 Revenue Fund Account are insufficient for such purposes, from the Series B-1 Negative Arbitrage Subaccount).

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

(a) \$[____], representing an initial deposit of Eligible Funds, shall be deposited into the Series B-1 Revenue Fund Account;

(b) \$[0], representing the Costs of Issuance Deposit, shall be deposited into the Costs of Issuance Fund;

(c) \$[____], representing the principal amount of the Series B-1 Bonds, shall be deposited into the Series B-1 Bond Proceeds Fund Account to be used as set forth in this Article V;

(d) \$[____], representing the principal amount of the Series B-2 Bonds, shall be deposited into the Series B-2 Bond Proceeds Fund Account to be used as set forth in this Article V;

(e) \$[0], representing the Series B-1 Negative Arbitrage Deposit, shall be delivered to the Trustee for deposit into the Series B-1 Negative Arbitrage Subaccount;

(f) \$[____], representing the Series B-1 Negative Arbitrage Transfer, shall be transferred from the Series B-2 Bond Proceeds fund Account into the Series B-1 Negative Arbitrage Subaccount; and

(g) \$[0], representing the Series B-2 Negative Arbitrage Deposit shall be delivered to the Trustee for deposit into the Series B-2 Negative Arbitrage Subaccount.

Section 5.05. Revenue Fund.

(a) (i) On any Series B-1 Bond Payment Date that occurs prior to or during the month in which the MBS is delivered to the Trustee, the Trustee shall disburse from the Series B-1 Revenue Fund Account (and, to the extent amounts in the Series B-1 Revenue Fund Account, are insufficient for such purposes, from the Series B-1 Negative Arbitrage Subaccount), an amount equal to the amount of interest due on the Series B-1 Bonds and (ii) on each Series B-2 Bond Payment Date, the Trustee shall disburse from the Series B-2 Revenue Fund Account (and, to the extent amounts in the Series B-2 Revenue Fund Account are insufficient for such purposes, from the Series B-2 Negative Arbitrage Subaccount) an amount equal to the amount of principal, if any, and interest due on the Series B-2 Bonds.

(b) There shall be deposited into the Series B-1 Negative Arbitrage Subaccount and the Series B-2 Negative Arbitrage Subaccount, as applicable, the Series B-1 Negative Arbitrage Deposit and the Series B-2 Negative Arbitrage Deposit. Any Extension Deposit shall be deposited into the Series B-1 Negative Arbitrage Subaccount or the Series B-2 Negative Arbitrage Subaccount, as applicable.

(c) There shall be deposited into the Series B-1 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.

(d) There shall be deposited into the Series B-2 Revenue Fund Account all amounts paid by the Borrower pursuant to Section 4.03 of the Financing Agreement, to the extent such payments are attributable to the Series B-2 Bonds.

(e) On the MBS Delivery Date, the Trustee shall remit from the Series B-1 Revenue Fund Account (and, to the extent amounts in the Series B-1 Revenue Fund Account, other than amounts on deposit of the Series B-1 Negative Arbitrage Subaccount therein, are insufficient for such purposes, from the Series B-1 Negative Arbitrage Subaccount) to the Permanent Lender accrued and unpaid interest on the MBS at the Pass-Through Rate from and including the first (1st) calendar day of the month in which the MBS was delivered to, but not including, the MBS Delivery Date.

(f) On any Series B-1 Bond Payment Date that occurs prior to or during the month in which the MBS is delivered to the Trustee, the Trustee shall disburse from the Series B-1 Revenue Fund Account (and to the extent amounts in the Series B-1 Revenue Fund Account, other than amounts in the Series B-1 Negative Arbitrage Subaccount therein, are insufficient for such purposes), from the Series B-1 Negative Arbitrage Subaccount, an amount equal to the amount of principal, if any, and interest due on the Series B-1 Bonds on such Series B-1 Bond Payment Date. On the first (1st) Business Day following the first Series B-1 Bond Payment date following the MBS Delivery Date, the Trustee shall release to the Borrower any remaining balance in the Series B-1 Revenue Fund Account (including the Series B-1 Negative Arbitrage Account therein) that exceeds a total of \$20,000.

(g) On each Payment Date, the Trustee shall pay to the Bond owners, from the applicable account of the Revenue Fund, the amount listed in the applicable maturity, sinking fund and interest payment schedule set forth herein. 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 twenty-fifth (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) Following the MBS Delivery Date, the Trustee is authorized to release Excess Funds from the Series B-1 Revenue Fund Account to or upon the direction of the Borrower, upon receipt by the Trustee of a Cash Flow Projection. The Trustee is authorized to release Excess Funds from the Series B-2 Negative Arbitrage Subaccount to or upon the direction of the Borrower, upon receipt by the Trustee of (1) a written notice from the Borrower to the Trustee to release such Excess Funds, and (2) a Cash Flow Projection.

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. 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 (3) months after the Closing Date shall be returned to the Borrower and the Costs of Issuance Fund shall be closed.

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 4.05 of the Financing Agreement immediately upon written demand.

Section 5.08. Bond Proceeds Fund. Except as otherwise set forth in Section 5.04 hereof, upon (a) deposit of Eligible Funds 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) in the form of Exhibit A attached to the Financing Agreement and (c) subject to the provisions of this Section 5.08, the Trustee shall disburse proceeds of the Series B-1 Bonds or Series B-2 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 B-1 Bonds and the Series B-2 Bonds, as applicable, the aggregate principal amount that will be 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, and, with respect to the Series B-2 Bond Proceeds Fund Account (including projected investment earnings thereon), any transfer permitted at closing under Section 5.04 hereof, will at least equal the Outstanding principal amount of the Series B-1 Bonds and the Series B-2 Bonds, as applicable. Notwithstanding anything to the contrary, the Trustee shall not disburse money from the Bond Proceeds Fund (other than (1) as permitted pursuant to Section 5.04 hereof and (2) 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; provided, however, that the Trustee shall transfer funds from the applicable Account of the Bond Proceeds Fund to the applicable Account of the Collateral Fund upon receipt of an opinion of Bond Counsel to the effect that such transfer shall not cause the interest on any of the Bonds to be or become includible in the gross income of the owners thereof for federal income tax purposes. To the extent money on deposit in the applicable Account of the Bond Proceeds Fund is invested in Eligible Investments that have not yet matured, the Trustee is hereby authorized to make the following sale and exchange, which sale and exchange shall occur prior to the disbursement of amounts on deposit in the applicable Account of the Bond Proceeds Fund to pay Project Costs without the need to sell or terminate such Eligible Investments prior to their stated maturity date: (i) sell all or a portion of the Eligible Investments in the applicable Account of the Bond Proceeds Fund, in the amount specified in the request for disbursement, to the applicable Account of the Collateral Fund for a price of par and (ii) transfer a like amount of available funds from the applicable Account of the Collateral Fund to the applicable Account of the Bond Proceeds Fund representing proceeds of the Series B-1 Bonds or Series B-2 Bonds, as applicable, as the purchase price thereof.

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 of the Bond Proceeds Fund equal to 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 (1) 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 B-1 Bond Proceeds Fund Account until all amounts on deposit in the Series B-2 Bond Proceeds Fund Account have been applied to pay Project Costs.

On the Closing Date, after the investment of Eligible Funds in Eligible Investments, but without the corresponding deposit of Eligible Funds into the Collateral Fund, the Trustee shall transfer amounts permitted under Section 5.04 hereof, if any, and no additional amounts shall be disbursed from the Bond Proceeds Fund except in accordance with this Section 5.08.

To the extent sufficient 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 applicable Subaccount of the Negative Arbitrage Account, 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 B-1 Bonds or Series B-2 Bonds, as applicable, pursuant to Section 3.01 hereof.

On the MBS Delivery Date, amounts remaining in the Series B-1 Bond Proceeds Fund Account shall be used by the Trustee in the following order: (i) to the extent sufficient funds are not otherwise available in the Series B-1 Collateral Fund Account, to pay the MBS Purchase Price, (ii) to transfer funds to the Series B-1 Revenue Fund Account in an amount equal to the difference, if any, between (x) the aggregate principal amount of and interest due on the Series B-1 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.

Section 5.09. Collateral Fund. The Trustee shall deposit into the applicable Account of the Collateral Fund all Eligible Funds 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. Except as permitted under Section 5.04 and 5.08 hereof, 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 B-1 Bond proceeds and Series B-2 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 B-1 Collateral Fund Account shall constitute an irrevocable deposit solely for the benefit of the Holders of the Series B-1 Bonds, and (ii) each deposit into the Series B-2 Collateral Fund Account shall constitute an irrevocable deposit solely for the benefit of the Holders of the Series B-2 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 B-1 Collateral Fund Account (and, to the extent there are not sufficient funds on deposit in the Series B-1 Collateral Fund Account, from the Series B-1 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 Subaccount of the Collateral Fund is transferred to the applicable Subaccount of the Revenue Fund and applied to the payment of the principal of any of the Bonds, or the principal component of the redemption or retirement price of any of the Bonds, all as provided in this Indenture.

Notwithstanding anything herein to the contrary, the Trustee is authorized to transfer amounts permitted under Section 5.04 hereof, if any, without a corresponding deposit of Eligible Funds into the Collateral Fund.

Section 5.10. Accounting Records. The Trustee shall maintain accurate books and records for all Funds and Accounts established hereunder.

Section 5.11. Amounts Remaining in Funds. After full payment of the Bonds (or provision for payment thereof having been made in accordance with Section 7.01 hereof) 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 5.12. 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 or telephonic direction (promptly confirmed in writing) of the Borrower in Eligible Investments which, except as otherwise provided in this Section 5.12, mature or are redeemable at par without penalty on or before 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 in Eligible Investments described in clause (b) of the definition of Eligible Investments herein. 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 or telephonic directions (promptly confirmed in writing) 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 (at least par) 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 B-1 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 maturity at a price below par 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 B-2 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 Investments prior to maturity at a price below par 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. Following the Closing Date, at the direction of the Borrower, the Trustee is permitted to purchase, sell or exchange Eligible Investments with a Cash Flow Projection. Notwithstanding anything herein to the contrary, (i) earnings received by the Trustee with respect to Eligible Investments purchased for the purpose of paying debt service on the Bonds shall be held uninvested and (ii) Bond proceeds and the Negative Arbitrage Deposit shall be held uninvested until the Trustee has purchased, sold or exchanged Eligible Investments.

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 ensure 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 5.13. 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 5.14. 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 5.15. Reports From the Trustee. The Trustee shall furnish to the Borrower (and, upon request, to Fannie Mae, the Permanent Lender, the Construction Lender (but only prior to the Conversion Date), the Investor Limited Partner and the Issuer) 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 5.16. Covenants Respecting Arbitrage and Rebate. The Trustee shall keep and make available to the Borrower and the Issuer 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 5.17. Conflict with Tax Certificate. In the event of a conflict between the provisions of this Article V and the Tax Certificate, the provisions of the Tax Certificate shall control.

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 covenants that it is duly authorized under the Constitution and the laws of the State, including particularly the Act and the Resolution, to issue the Bonds authorized hereby and to execute this Indenture, to grant the security interest herein provided, to assign and pledge the Trust Estate (except as otherwise provided herein) and to assign and pledge the amounts hereby assigned and pledged in the manner and to the extent herein set forth, that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken and that the Bonds in the hands of the owners thereof are and will be valid and enforceable limited obligations of the Issuer according to the terms thereof and hereof. Anything contained in this Indenture to the contrary notwithstanding, it is hereby understood that

none of the covenants of the Issuer contained in this Indenture are intended to create a general or primary obligation of the Issuer.

(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 or to be subject to personal income taxation by the State. 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 hereof 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 B-1 Bond Proceeds Fund Account, the Series B-1 Collateral Fund Account and the Series B-1 Revenue Fund Account is equal to one hundred percent (100%) of the principal amount of the Series B-1 Bonds plus interest accrued on the Series B-1 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 B-1 Bonds shall be subject to mandatory redemption as set forth in Section 3.01(b) hereof.

Section 6.06. Further Assurances. At any time and at all times the Issuer shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances and enter into such further agreements as may be necessary or desirable for the better assuring, conveying, granting, assigning or confirming all and singular the rights in, pledge and grant of a security interest in the Trust Estate hereby pledged or assigned in trust, or intended so to be, or which the Issuer may hereafter become bound to pledge or assign in trust.

Section 6.07. Powers as to Bonds and Pledge. The Issuer is duly authorized pursuant to law to authorize and issue the Bonds, to enter into this Indenture and 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 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 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.

The Issuer shall be entitled to the advice of counsel, and the Issuer shall be wholly protected as to action taken or omitted in reliance on such advice. The Issuer may rely conclusively on any written notice or other document furnished to it hereunder or under the Financing Agreement and reasonably believed by it to be genuine. The Issuer shall in no event be liable for the application

or misapplication of funds or for other acts or defaults by any person, except its own officers and employees. When any payment or consent or other action by it is called for hereby, it may defer such action pending receipt of such evidence (if any) as it may require in support thereof (excluding the payment of any principal, interest or premium, if any, on the Bonds to the extent the Borrower has properly paid such amounts to the Issuer). The Issuer shall not be required to take any remedial action (other than the giving of notice) hereunder or under any of the other Financing Documents unless indemnity in a form acceptable to the Issuer is furnished for any expense or liability to be incurred in connection with such remedial action. The Issuer shall be entitled to reimbursement from the Borrower for its expenses reasonably incurred or advances reasonably made, with interest at the Maximum Interest Rate, in the exercise of its rights or the performance of its obligations hereunder, to the extent that it acts without previously obtaining indemnity. No permissive right or power to act which the Issuer may have shall be construed as a requirement to act; and no delay in the exercise of a right or power shall affect its subsequent exercise of the right or power.

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

The Borrower has indemnified the Issuer against certain acts and events as set forth in Financing Agreement and the Regulatory Agreement. Such indemnities shall survive payment of the Bonds and discharge of this Indenture.

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 Trust Estate, consisting of 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 the Trust Estate (excluding the Reserved Rights), consisting of MBS Revenues and other 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 Trust Estate (excluding the Reserved Rights), consisting of MBS Revenues and 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 Section 2.08, (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, shall be paid as provided in Section 5.11.

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 or retirement date thereof; or

(iii) by depositing with the Trustee, in trust, any investments listed under the definition of Eligible Investments in Section 1.01, or a combination of cash and such investments, in such amount as in the written opinion of a certified public accountant or nationally recognized verification agent 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 or retirement 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 or retirement within 45 days, proper notice of redemption or retirement 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 or retirement 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 or retirement 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 and reply upon a report from a nationally recognized accounting firm to provide for the payment of all Bonds to be defeased pursuant to this Section.

Section 7.02. Unclaimed Moneys. Anything herein to the contrary notwithstanding, and subject to applicable escheatment laws of the State, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two (2) years after the date when such Bonds have become due and payable, either at maturity or by call for redemption or retirement, if such moneys are held by the Trustee at said date, or for two (2) 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 thirty (30) nor more than sixty (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.

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.

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 Trust Estate, consisting of MBS Revenues and 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 (upon such failure, the Trustee shall notify Fannie Mae not later than the next Business Day (all such notices to be promptly confirmed in writing) and require the failure to be remedied);

(b) (i) Failure to pay the principal, interest or premium, if any, on the Series B-1 Bonds when the same shall become due, or (ii) failure to pay any interest or principal on the Series B-2 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 ninety (90) days after written notice to the Issuer from the Trustee or the registered owners of not less than seventy-five percent (75%) in aggregate principal amount of the Bonds Outstanding at such time specifying such default and requiring the same to be remedied.

The Trustee will immediately notify in writing the Issuer, the Bondholders, the Investor Limited Partner, the Permanent Lender, the Construction Lender (but only prior to the Conversion Date) and Fannie Mae after an Authorized Officer obtains actual knowledge or receives written 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 (i) the occurrence of an Event of Default under Section 8.01(a) or (ii) prior to the MBS Delivery Date, the occurrence of an Event of Default under Section 8.01(b) with respect to the Series B-1 Bonds, 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 Series B-1 Bonds Outstanding, shall declare (and shall deliver written notice of such declaration to the Issuer, the Lender, the Borrower and Fannie Mae) the principal of all Series B-1 Bonds Outstanding, premium, if any, and the interest accrued thereon immediately due and payable.

(b) An Event of Default with respect to the Series B-1 Bonds (i) following the MBS Delivery Date, under Section 8.01(b) hereof, or (ii) under Section 8.01(c) 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 Series B-1 Bonds 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 Beneficial Owner the Trustee's beneficial ownership interest in the MBS. The transfer

described in this Section 8.02(b) shall take effect as set forth in, and shall be governed by, the following terms:

(i) 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 DTC withdrawal of the Series B-1 Bonds being exchanged), and (ii) payment by the requesting owner of the Trustee's exchange fee (\$1,000) with respect to such Series B-1 Bonds;

(ii) The MBS will be in book-entry form;

(iii) 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;

(iv) Upon receipt of such Series B-1 Bonds from the requesting Beneficial Owner, the Trustee will promptly cancel the Series B-1 Bonds being exchanged, which will not be reissued;

(v) An MBS delivered in such an exchange will not be exchangeable for Series B-1 Bonds;

(vi) 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; and

(vii) Interest on such MBS is not excludable from gross income for federal income tax purposes. Owners of Series B-1 Bonds should consult their own tax advisors concerning that and other tax consequences of any exchange of a Series B-1 Bond for the MBS.

(c) The acceleration of the Series B-1 Bonds will not constitute a default under, or by itself cause the acceleration of, the MBS. If at any time after the Series B-1 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 Series B-1 Bonds then due (other than solely by reason of such declaration) and all unpaid installments of interest (if any) on all the Series B-1 Bonds then due with interest at the rate borne by the Series B-1 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 Series B-1 Bonds Outstanding, then and in every case, the Trustee on behalf of the holders of all the Series B-1 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.

(d) Upon the occurrence of an Event of Default under Section 8.01(b)(i), with respect to the Series B-2 Bonds, the Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Series B-2 Bonds Outstanding, by a notice in writing delivered to the Issuer and the Borrower, shall, declare the principal of all of the Series B-2 Bonds Outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately. Upon the occurrence of any Event of Default with respect to the Series B-2 Bonds described in Section 8.01(b)(ii), the Trustee may, with the written consent of all Holders of the Series B-2 Bonds Outstanding, declare by a notice in writing delivered to the Issuer and the Borrower, the principal of all Series B-2 Bonds Outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately. Following such declaration, interest on any unpaid principal or Redemption Price of Series B-2 Bonds Outstanding shall continue to accrue from such date through but not including the tender of payment to the Holders of those Series B-2 Bonds.

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 the Series B-1 Bonds or the Series B-2 Bonds, as applicable, 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 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; provided, that available remedies under the MBS may only be pursued following an Event of Default under paragraph (a) under the heading “Events of Default,” above, or paragraph (b) under the heading “Events of Default,” above, with respect to the Series B-1 Bonds;

(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 seventy-five percent (75%) (or one hundred percent (100%) as set forth in Section 8.02(b) hereof) in aggregate principal amount of the Series B-1 Bonds or the Series B-2 Bonds Outstanding, as applicable, 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.

For avoidance of doubt, no Event of Default with respect to the Series B-1 Bonds shall, by itself, constitute an Event of Default with respect to the Series B-2 Bonds, and vice versa.

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 twenty-five percent (25%) in aggregate principal amount of the Series B-1 Bonds or the Series B-2 Bonds Outstanding, as applicable, 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 contained in this Article 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 the Trust Estate, consisting of MBS Revenues and 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, 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 Series B-1 Bonds or the Series B-2 Bonds, as applicable, shall be insufficient for such payment, such moneys and funds (other than funds held for the payment or redemption or retirement of particular Bonds as provided in Section 5.13) shall be applied as follows:

(a) Only in the event that there has been an Event of Default hereunder pursuant to Section 8.01(a) as a result of a failure by Fannie Mae to make payments under the MBS, 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 Series B-1 Bonds or the Series B-2 Bonds, as applicable, 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 or retirement, 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 Series B-1 Bonds or the Series B-2 Bonds, as applicable, 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 Series B-1 Bonds or the Series B-2 Bonds, as applicable, 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 Series B-1 Bonds or the Series B-2 Bonds, as applicable.

Section 8.09. Control of Proceedings. In the case of an Event of Default pursuant to Section 8.01(a) or Section 8.01(b), the holders of at least seventy-five percent (75%) in aggregate principal amount of the Series B-1 Bonds Outstanding or the Series B-2 Bonds Outstanding, as applicable, 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 Series B-1 Bonds or the Series B-2 Bonds, as applicable, upon the written request of the holders of a majority in aggregate principal amount of all of the Series B-1 Bonds or the Series B-2 Bonds Outstanding, as applicable, 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 retirement, 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 or retirement) 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 Series B-1 Bonds or the Series B-2 Bonds, as applicable, 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 Series B-1 Bonds or the Series B-2 Bonds, as applicable, 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 with respect to the Series B-1 Bonds other than to (a) enforce rights under the MBS, (b) enforce the tax covenants in this Indenture and the Financing Agreement, (c) enforce rights of specific performance under the Regulatory Agreement or (d) enforce the Reserved Rights; 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 the advice of counsel concerning all matters of the trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation and fees 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 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 protected 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 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 seventy-five percent (75%) in aggregate principal amount of Series B-1 Bonds or Series B-2 Bonds Outstanding, as applicable, 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 to fully 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 (including legal fees and expenses) to which it may be put and to protect it against all liability, except liability which

is adjudicated to have resulted from its negligence or willful misconduct in 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.

(s) In no event shall the Trustee be liable for any special, punitive, indirect or consequential damages of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(t) The Trustee will not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, pandemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources or energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(u) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured email, facsimile transmission or other similar unsecured

electronic methods, provided however, that the Trustee will have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate will be amended and replaced whenever a person is to be added or deleted from the listing. If the Issuer elects to give the Trustee email or facsimile instructions (or instructions by a similar electronic method) and the Trustee acts upon such instructions, the Trustee's understanding of such instructions will be deemed controlling. The Trustee will not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 9.02. Fees, Charges and Expenses of Trustee. Notwithstanding any provision to the contrary herein, but subject to the limitations set forth in the definition of Extraordinary Trustee Fees and Expenses as defined in Section 1.01 hereof, 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 hereof, 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 seventy-five percent (75%) in aggregate principal amount of Series B-1 Bonds or Series B-2 Bonds Outstanding, as applicable, 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 thirty (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 of, pursuant to Section 9.07, 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 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 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 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, at the expense of the Borrower, 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, 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, the Borrower, 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. 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 Electronic Means) 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 9.11. 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 9.12. 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 covenants 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 Bond Maturity Date 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 through the Bond Maturity Date 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 provide, or to cause the Borrower to provide, at the Borrower’s expense, for the calculation by the Rebate Analyst, and rebate to the federal government, in accordance with the Code, of excess investment earnings with respect to the Bonds 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) 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 9.13. 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 9.14. 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 B-2 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 \$15,000,000, or shall have a line of credit with a commercial bank in the amount of at least \$15,000,000, 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 9.15. 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 \$15,000,000, or shall have a line of credit with a commercial bank in the amount of at least \$15,000,000, 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 thirty (30) days' notice of such resignation to the Issuer, the Borrower, the Investor Limited Partner, the General Partner (as such term is defined in the Financing Agreement) and the Trustee. The Remarketing Agent may be removed, with prior notice to the Issuer, at any time by the Borrower, with at least thirty (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 thirty (30) days of the resignation or removal of the Remarketing Agent or the appointment of a successor Remarketing Agent, shall give notice thereof by registered or certified mail to the Rating Agency (if the Series B-2 Bonds are then rated) and to the Holders of the Series B-2 Bonds.

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 (but only in connection with the Series B-1 Bonds), the Investor Limited Partner, 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 (but only in connection with the Series B-1 Bonds), the Construction Lender (but only prior to the Conversion Date), and the holders of at least two thirds (2/3) 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, retirement 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 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 (but only in connection with the Series B-1 Bonds) 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 ninety (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 provided in this Section 10.03. 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 (but only in connection with the Series B-1 Bonds), the Permanent Lender, the Construction Lender (but only prior to the Conversion Date) and the holders of all of the Bonds 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 Outstanding, shall be exchanged, without cost to such Bondholder, for Bonds of the same series, designation, maturity and interest rate 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 or adversely affect the exemption of interest of the Bonds from personal income taxation by the State 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. 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 11.03. 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 (6) years after such date as the pledge of the Trust Estate created hereby shall be discharged as provided in Section 7.01 hereof.

Section 11.04. No Recourse on Bonds. Notwithstanding anything to the contrary herein or to the contrary in any Financing Document, no recourse under or upon any obligation, covenant or agreement contained in this Indenture or in the Bonds shall be had against any member, officer, commissioner, director or employee (past, present or future) of the Issuer, either directly or through the Issuer or its governing body or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Bondholders, or otherwise, of any sum that may be due and unpaid by the Issuer or its governing body upon the Bonds. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of any such member, officer, commissioner, director or employee, as such, to respond by reason of any act of omission on his/her part or otherwise, for the payment for or to the Bondholders or otherwise of any sum that may remain due and unpaid with respect to the Bonds hereby secured is, by the acceptance hereof, expressly waived and released as a condition of and in consideration for the execution of this Indenture and the delivery of the Bonds. The Bondholders remedies in the event of a default under the Bonds shall be limited to those remedies set forth herein and, if an Event of Default also exists under the Financing Agreement, the Series B-1 Bond Loan Note or the Series B-2 Bond Loan Note, to commence foreclosure under the Mortgage and the other Financing Documents and to exercise of the power of sale or other rights granted thereunder. In the event of a default hereunder or under the Bonds, the Bondholders shall not have the right to proceed directly against the Issuer or the right to obtain a deficiency judgment from the Issuer after foreclosure. Nothing contained in the foregoing shall limit any rights or remedies the Issuer, the Bondholder or the Trustee may have against the Borrower.

Section 11.05. 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 11.06. 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:

To the Issuer: 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: Daniel Adams, Director

with a copy to: Office of the City Attorney
City Hall, Room 234
1 Carlton B. Goodlett Place
San Francisco, CA 94102-4682
Attention: Finance Team:
Email: cityattorney@sfgov.org

To the Trustee: U.S. Bank Trust Company, National Association
One California Street, Suite 1000
Mail Code: SF-CA-SFCT
San Francisco, CA 94111
Attention: Global Trust Services/Andrew Fung
Facsimile: (415) 677-3769
Email: andrew.fung@usbank.com

To the Borrower: Sunnydale Block 9 Housing Partners, L.P.
c/o The Related Companies of California
44 Montgomery Street, Suite 1310
San Francisco, CA 94104
Attention: Ann Silverberg
Email: asilverberg@related.com

with a copy to: Sunnydale Block 9 Housing Partners, L.P.
c/o The Related Companies of California
18201 Von Karman Ave, Suite 900
Irvine, CA 92612
Attention: Asset Management

And to: Sunnydale Block 9 Housing Partners, L.P.
c/o Mercy Housing California
1256 Market Street
San Francisco, CA 94102
Attention: Elizabeth Kuwada
Email: elizabeth.kuwada@mercyhousing.org

And to:

Gubb & Barshay
235 Montgomery Street, Suite 1110
San Francisco, CA 94104
Attention: Erica Williams Orcharton
Email: ewilliams@gubbandbarshay.com

Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, Suite 5880
Los Angeles, CA 90071
Attention: Nicole Deddens
Email: ndeddens@bocarsly.com

To the Rating Agency:

[Moody's Investors Service, Inc.
7 World Trade Center
250 Greenwich Street, 16th Floor
New York, NY 10007
Attention: Public Finance Group – Housing
Team
Email: Housing@moody.com]

To Fannie Mae:

Fannie Mae
1100 15th Street, NW
Washington, DC 20005
Attention: Director, Multifamily Asset
Management
Telephone: (202) 752-6634
Facsimile: (240) 699-3880
RE: Sunnydale Block 9 [Wells Fargo Bank,
National Association]

with a copy to:

[_____]
[_____]
[_____]
Attention: [_____]
Telephone: [_____]
Email: [_____]

To the Underwriter:

Wells Fargo Bank, National Association
30 Hudson Yards, 15th Floor
New York, NY 10001
Attention: Patrice Mitchell
Telephone: (212) 214-5341
Email: Patrice.mitchell@wellsfargo.com

with a copy to:	<p>Tiber Hudson LLC 1800 M Street, NW Suite 350 South Washington, DC 20036 Attention: Lauren Marcus Telephone: (202) 973-0122 Email: lauren@tiberhudson.com</p>
To the Lender (prior to Conversion Date):	<p>Wells Fargo Bank, National Association 550 South Tryon Street 23rd Floor, D1086 239 Charlotte, NC 28202-4200 Attention: CLI Deal Management</p>
with a copy to:	<p>KMO Partners, LLP 3777 Long Beach Boulevard, Suite 280 Long Beach, CA 90807 Attention: Caroline Woolsey Telephone: (213) 457-7226 Email: cwoolsey@kmoplav.com</p>
To the Lender (on and after Conversion Date):	<p>Wells Fargo Bank, National Association 550 South Tryon Street 23rd Floor, D1086 239 Charlotte, NC 28202-4200 Attention: CLI Deal Management</p>
with a copy to:	<p>KMO Partners, LLP 3777 Long Beach Boulevard, Suite 280 Long Beach, CA 90807 Attention: Caroline Woolsey Telephone: (213) 457-7226 Email: cwoolsey@kmoplav.com</p>
To the Investor Limited Partner:	<p>Wells Fargo Bank, National Association 550 South Tryon Street 23rd Floor, MAC D1086-239 Charlotte, NC 28202-4200 Attention: Director of Tax Credit Asset Management</p>
With a copy to:	<p>Sidley Austin LLP One South Dearborn Chicago, IL 60603 Attention: Philip Spahn</p>

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 required under this Indenture will be given in writing. In addition, any notification received by the Trustee from the Lender shall be sent by the Trustee to the Bondholders as soon as practical after receipt thereof.

Section 11.07. 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 B-2 Bonds; (vii) appointment of a successor Trustee; (viii) sale of Eligible Investments at a price below par; (ix) any change in the investment of funds subject to the lien of this Indenture; (x) Events of Default of which the Trustee has actual notice; and (xi) delivery of the MBS.

Section 11.08. 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 or retirement 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 11.09. 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 11.10. 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.

Section 11.11. Notification of Issuer of Amount of Outstanding Bonds. On or before each anniversary of the Closing Date, 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 and the Bonds are contracts made under the laws of the State and shall be construed in accordance with and governed by the Constitution and the laws of the State applicable to contracts made and performed in the State. Venue for any action in which the Issuer is a named party shall be San Francisco County, California, unless the Issuer waives this requirement in writing.

Section 11.14. Patriot Act Notice. The Trustee hereby notifies the Issuer that to help the government fight the funding of terrorism and money laundering activities pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Issuer, which information includes the name and address of the Issuer and other information that will allow the Trustee to identify the Issuer in accordance with the Patriot Act. The Issuer hereby agrees that it shall promptly provide such information upon request by the Trustee.

Section 11.15. Volume Cap Recycling Transactions. Notwithstanding any provisions of this Indenture or the Bonds to the contrary, prior to the MBS Delivery Date, the Issuer shall be permitted to direct that payments representing prepayments or repayments of principal on the Bond Loan Notes, as applicable, be delivered to a custodian or trustee selected by the Issuer, in lieu of application to repay a like portion of the Bonds, so long as the Issuer simultaneously causes other funds to be applied to repay such portion of the Bonds. The preceding provisions shall apply only for purposes of preserving or “recycling” private activity bond volume cap in accordance with Section 146(i)(6) of the Code. In connection with such recycling and Bond prepayment, if so directed in a written direction of the Issuer provided to the Trustee prior to any prepayment date, the Trustee is hereby authorized and directed to receive any such Bond prepayment or amounts corresponding thereto and to hold such amounts, uninvested, for such period of time and to transfer such amounts to the Issuer, or to such custodian, fiscal agent or trustee designed by the Issuer and specified in such written direction. For purposes of effectuating the foregoing, the Trustee is hereby authorized and directed to open and create such funds or accounts, which may be temporary in nature, as may be necessary or desirable, and to close such funds or accounts following the completion of the transfers set forth in such written direction.

Section 11.16. City Contracting Provisions. The Trustee covenants and agrees to comply with the provisions set forth in Exhibit G to the Regulatory Agreement, which is incorporated in and made a part of this Indenture by this Reference.

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,
as Issuer

By _____
Daniel Adams, Director
Mayor's Office of Housing and Community
Development

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By _____
Deputy City Attorney

[Issuer Signature page to Indenture of Trust]

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By _____
Name Andrew Fung
Title Vice President

[Trustee Signature page to Indenture of Trust]

EXHIBIT A-1

FORM OF SERIES B-1 BOND

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA**

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.

No. R-B1-1

\$[_____]

**CITY AND COUNTY OF SAN FRANCISCO
MULTIFAMILY HOUSING REVENUE BONDS (FANNIE MAE MBS-SECURED)
(SUNNYDALE HOPE SF BLOCK 9)
SERIES 2025B-1**

Bond Interest Rate	Bond Maturity Date	Bond Dated Date	Bond CUSIP Number
[_____]%	[_____]	[_____] 1, 2025	[_____]

REGISTERED OWNER: CEDE & CO.
PRINCIPAL AMOUNT: [_____] MILLION [_____] THOUSAND
DOLLARS (\$[_____])

The City and County of San Francisco (together with its successors and assigns, the “Issuer”), a municipal corporation and chartered city and county, organized and existing under the laws of the State of California, 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 B-1 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 Bond Interest Rate specified above in the amounts as accrued and for the periods interest is paid (except in connection with a redemption of Series B-1 Bonds upon failure to

purchase the MBS as described in the Indenture), payable on each Payment Date. Interest shall be calculated on the basis of a year of 30/360.

The payment of interest on a Payment Date is the interest accrued during the preceding six (6) calendar months; provided that the payment of interest on the Initial Payment Date shall relate to the interest accrued from the Bond Dated Date to and including the calendar day immediately preceding the Initial Payment Date. If the Bonds are redeemed upon failure of the Conversion Date or the MBS Delivery Date to occur on or prior to the MBS Delivery Date Deadline as described in the Indenture, interest payable on the Bonds will be paid on the redemption date.

“Payment Date” means (i) with respect to interest [] 1 and [] 1 of each year, commencing on the Initial Payment Date, and (ii) with respect to principal and interest, the stated maturity date for any of the Bonds or any earlier date of redemption of any of the Bonds.

Interest hereon is payable by U.S. Bank Trust Company, National Association (the “Trustee”). On each Payment Date, payment of the principal of and interest or premium, if any, on any Series B-1 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 B-1 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 B-1 Bonds are Book-Entry Bonds, the principal of the Series B-1 Bonds shall be payable to the registered owners thereof upon presentation (except in connection with a redemption of Series B-1 Bonds from principal payments or prepayments on the MBS) at the designated corporate trust office of the Trustee or its successors. Unless the Series B-1 Bonds are Book-Entry Bonds, payments of interest on the Series B-1 Bonds and redemption of Series B-1 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 B-1 Bond shall be the date such Series B-1 Bond is registered.

The Series B-1 Bonds shall be subject to redemption prior to maturity in such manner and with notice, if applicable, as set forth in the Indenture. Notices in connection with any redemption of Series B-1 Bonds shall be required as set forth in the Indenture.

This Bond is one of the duly authorized bonds of the Issuer designated as City and County of San Francisco Multifamily Housing Revenue Bonds (Fannie Mae MBS Secured) (Sunnydale HOPE SF Block 9) Series 2025B-1 (the “Series B-1 Bonds”), limited in aggregate principal amount to \$[] issued pursuant to the Act and pursuant to an Indenture of Trust, dated as of May 1, 2025, by and between the Issuer and the Trustee (the “Indenture”) and a resolution duly

adopted by the governing body of the Issuer. The Series B-1 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 proceeds of the Series B-1 Bonds are used for the purpose of financing a loan to be made to Sunnydale Block 9 Housing Partners, L.P., 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 a multifamily rental housing development within the City of San Francisco, California, known as Sunnydale HOPE SF Block 9 (the “Project”), as further provided in the Financing Agreement dated as of even date with the Indenture (the “Financing Agreement”) by and among the Issuer, the Borrower and the Trustee. 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 B-1 Bonds are intended to be, and shall be, independent of the payment and other obligations of the Issuer or maker of the Series B-1 Bond Loan Note, 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 B-1 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 B-1 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 B-1 Bonds, of the payments and funds pledged and assigned as security for payment of the Series B-1 Bonds and the nature and extent thereof, of the terms on which the Series B-1 Bonds are issued and the terms and conditions on which the Series B-1 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 B-1 Bond, by acceptance hereof, assents and agrees.

Notwithstanding any provisions of the Indenture or the Series B-1 Bonds to the contrary, the Issuer shall be permitted to direct that payments representing prepayments or repayments of principal on the Series B-1 Bond Loan Note, as applicable, be delivered to a custodian or trustee selected by the Issuer, in lieu of application to repay a like portion of the Series B-1 Bonds, so long as the Issuer simultaneously causes other funds to be applied to repay such portion of the Series B-1 Bonds. The preceding provisions shall apply only for purposes of preserving or “recycling” private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

THIS SERIES B-1 BOND IS A LIMITED OBLIGATION OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED AND ASSIGNED UNDER THE INDENTURE. NONE OF THE ISSUER, THE STATE, OR 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 THIS SERIES B-1 BOND OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NEITHER THIS SERIES B-1 BOND 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 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 Series B-1 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 registered owner of this Series B-1 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 B-1 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 B-1 Bonds Outstanding.

The Series B-1 Bonds are issuable only as fully registered Series B-1 Bonds without coupons in denominations of \$5,000.00 or any integral multiple of \$1,000 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 B-1 Bonds may be exchanged at the designated corporate trust office of the Trustee for Series B-1 Bonds in the same aggregate principal amount.

The registration of this Series B-1 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 B-1 Bond at such office, the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Series B-1 Bond of the same maturity or maturities and Authorized Denomination for the same aggregate principal amount. Series B-1 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 B-1 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 B-1 Bonds, any maturity date or any date fixed for redemption of any Series B-1 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 B-1 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(2/3) in aggregate principal amount of the Series B-1 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 B-1 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 B-1 Bond without the consent of the holder of such Series B-1 Bond, (b) reduce the proportion of Series B-1 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 the Indenture prior to or on a parity with the lien of the Indenture, (d) deprive the holders of the Series B-1 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 B-1 Bonds 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 past, present or future member, officer, commissioner, director, or employee of the Issuer nor any person executing this Series B-1 Bond shall be subject to any personal liability by reason of the issuance hereof, whether by virtue of any Constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly waived as a condition of and in consideration for the execution of the Indenture and the issuance of the Series B-1 Bonds.

This Series B-1 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.

It is hereby certified and recited by the Issuer that all conditions, acts and things required by the Indenture or by the laws of the State of California, including the Act, to exist, to have happened or to have been performed precedent to or in the issuance of this Series B-1 Bond do exist, have happened and have been performed in due time, form and manner as required by law, and that the issuance of this Series B-1 Bond and the issue of which it forms a part is within every debt and other limit prescribed by said Constitution or statutes.

In the event of any inconsistencies between the provisions of this Series B-1 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 Series B-1 Bond to be executed on its behalf by the manual or facsimile signature of its duly authorized officer as of the date set forth above.

CITY AND COUNTY OF SAN FRANCISCO,
CALIFORNIA, as Issuer

By _____
Daniel Lurie
Mayor

CERTIFICATE OF AUTHENTICATION

This Series B-1 Bond is one of the bonds described in the within mentioned Indenture.

Date of Authentication: _____

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By _____
Authorized Signatory

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 B-1 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 B-1 Bond in every
particular without alteration or
enlargement or any change whatsoever.

EXHIBIT A-2

FORM OF SERIES B-2 BOND

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA**

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.

REGISTERED
No. R-B2-1

REGISTERED
\$[_____]

**CITY AND COUNTY OF SAN FRANCISCO
MULTIFAMILY HOUSING REVENUE BONDS
(SUNNYDALE HOPE SF BLOCK 9)
SERIES 2025B-2**

INITIAL SERIES B-2 BOND RATE	MATURITY DATE	DATED AS OF	CUSIP
[_____]%	[_____]	May [____], 2025	[_____]

REGISTERED OWNER: CEDE & CO.
PRINCIPAL AMOUNT: [_____] MILLION [_____] HUNDRED [_____] THOUSAND
DOLLARS (\$[_____])

INITIAL MANDATORY TENDER DATE: [_____]

The City and County of San Francisco (together with its successors and assigns, the “Issuer”), a municipal corporation and chartered city and county, organized and existing under the laws of the State of California, 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, retirement 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 B-2 Bond Rate (a) [_____] 1 and [_____] 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 B-2 Bonds (the “Payment Dates”) until the principal amount is paid or duly provided for. This Series B-2 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 dated as of date.

This Series B-2 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 B-2 Bond Rate and thereafter shall bear interest at the Remarketing Rate for each subsequent Remarketing Period; provided, however, that no event shall interest paid on this Series B-2 Bond exceed the Maximum Interest Rate, and shall mature (subject to prior redemption or retirement as set forth herein) on the Bond Maturity Date. Interest on this Series B-2 Bond shall be calculated on the basis of a 360-day year consisting of twelve (12) thirty (30)-day months.

On each Payment Date, payment of the principal of and interest or premium, if any, on any Series B-2 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 B-2 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 B-2 Bonds are Book-Entry Bonds, the principal of the Series B-2 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 B-2 Bonds are Book-Entry Bonds, payments of interest on the Series B-2 Bonds and redemption or retirement of the Series B-2 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.

THIS SERIES B-2 BOND IS A LIMITED OBLIGATION OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED AND ASSIGNED UNDER THE INDENTURE. NONE OF THE ISSUER, THE STATE, OR 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 THIS SERIES B-2 BOND OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH IN THE INDENTURE, AND NEITHER THIS SERIES B-2 BOND 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 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.

This Series B-2 Bond is one of a duly authorized issue of City and County of San Francisco Multifamily Housing Revenue Bonds (Sunnydale HOPE SF Block 9) Series 2025B-2 (the

“Series B-2 Bonds”), limited in aggregate principal amount to \$[_____] issued pursuant to the Act and pursuant to an Indenture of Trust dated as of May 1, 2025, by and between the Issuer and the Trustee (the “Indenture”), and a resolution duly adopted by the governing body of the Issuer. The Series B-2 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 proceeds of the Series B-2 Bonds are used for the purpose of financing a loan to be made to Sunnydale Block 9 Housing Partners, L.P., 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 a multifamily rental housing development within the City of San Francisco, California, known as Sunnydale HOPE SF Block 9 (the “Project”), as further provided in the Financing Agreement dated as of even date with the Indenture (the “Financing Agreement”) by and among the Issuer, the Borrower and the Trustee. Capitalized terms used herein and not otherwise defined shall have the meanings assigned in the Indenture.

The Series B-2 Bonds are subject to redemption, retirement and tender prior to their stated maturity as set forth in the Indenture.

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 B-2 Bonds, the rights, duties and obligations of the Issuer, the Trustee and the holders of the Series B-2 Bonds, and the terms and conditions upon which the Series B-2 Bonds are issued and secured. Each Holder assents, by its acceptance hereof, to all of the provisions of the Indenture.

Notwithstanding any provisions of the Indenture or the Series B-2 Bonds to the contrary, the Issuer shall be permitted to direct that payments representing prepayments or repayments of principal on the Series B-2 Bond Loan Note, as applicable, be delivered to a custodian or trustee selected by the Issuer, in lieu of application to repay a like portion of the Series B-2 Bonds, so long as the Issuer simultaneously causes other funds to be applied to repay such portion of the Series B-2 Bonds. The preceding provisions shall apply only for purposes of preserving or “recycling” private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

The Borrower is required by the Financing Agreement to cause the Construction Lender to deposit, on its behalf, Eligible Funds 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 B-2 Bonds. In the Indenture, the Issuer has assigned to the Trustee, to provide for the payment of the Bond Service Charges on the Series B-2 Bonds, the Issuer’s right, title and interest in and to the Financing Agreement, except for Reserved Rights. To secure its compliance with certain covenants in the Financing Agreement and in the Tax Certificate, the Borrower has executed and delivered the Regulatory Agreement.

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 B-2 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 B-2 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 B-2 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 B-2 Bonds shall be immobilized in the custody of DTC with the owners of beneficial interests in those Series B-2 Bonds (the “Book-Entry interests”) having no right to receive from the Issuer Series B-2 Bonds in the form of physical securities or certificates. Ownership of Book-Entry interests in the Series B-2 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 B-2 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 B-2 Bonds. The Series B-2 Bonds as such shall not be transferable or exchangeable, except for transfer to another Depository 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 B-2 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 B-2 Bonds from the Depository, and authenticate and deliver Bond certificates in fully registered form (in Authorized Denominations of \$5,000, or any integral multiple of \$1,000 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 B-2 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 B-2 Bonds Outstanding.

The Holder of each Series B-2 Bond has only those remedies provided in the Indenture.

Neither the members of the governing body of the Issuer nor any past, present or future member, officer, commissioner, director, or employee of the Issuer nor any person executing this Series B-2 Bond shall be subject to any personal liability by reason of the issuance hereof, whether by virtue of any Constitution, statute or rule of law, or by the enforcement of any assessment or

penalty, or otherwise, all such liability being expressly waived as a condition of and in consideration for the execution of the Indenture and the issuance of the Series B-2 Bonds.

This Series B-2 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.

IN WITNESS OF THE ABOVE, the City and County of San Francisco has caused this Series B-2 Bond to be to be executed and delivered by the manual or facsimile signature of its duly authorized officer as of the date set forth above.

CITY AND COUNTY OF SAN FRANCISCO,
CALIFORNIA, as Issuer

By _____
Daniel Lurie
Mayor

CERTIFICATE OF AUTHENTICATION

This Series B-2 Bond is one of the Series B-2 Bonds described in the within-mentioned Indenture.

Date of Registration and Authentication: _____.

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Series B-2 Bond and irrevocably constitutes and appoints _____ attorney to transfer that Series B-2 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 Series B-2 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 B-2 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.

BOND PURCHASE AGREEMENT

Dated May __, 2025

by and among

**WELLS FARGO BANK, NATIONAL ASSOCIATION,
CITY AND COUNTY OF SAN FRANCISCO**

and

SUNNYDALE BLOCK 9 HOUSING PARTNERS, L.P.

Relating to:

**\$ _____
City and County of San Francisco
Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured)
(Sunnydale HOPE SF Block 9)
Series 2025B-1**

**\$ _____
City and County of San Francisco
Multifamily Housing Revenue Bonds
(Sunnydale HOPE SF Block 9)
Series 2025B-2**

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BOND PURCHASE AGREEMENT

Wells Fargo Bank, National Association (the “Underwriter”), on its own behalf and not as your fiduciary, hereby offers to enter into this Bond Purchase Agreement dated May __, 2025 (this “Purchase Contract”) with the City and County of San Francisco (together with its successors and assigns, the “Issuer”) and Sunnydale Block 9 Housing Partners, L.P., a California limited partnership (the “Borrower”), for the sale by the Issuer and the purchase by the Underwriter of the Bonds defined below which are being issued by the Issuer for the benefit of the Borrower. The Underwriter is an “underwriter” as defined in Section 2(a)(11) of the Securities Act of 1933, as amended (the “1933 Act”). This offer is made subject to the written acceptance hereof by the Issuer and the Borrower and delivery of such acceptance (in the form of one or more counterparts hereof) at or prior to 5:00 p.m., Eastern Time, on the date hereof, and will expire if not so accepted at or prior to such time (or such later time as the Underwriter may agree in writing). Upon such acceptance, this Purchase Contract will be binding upon each of the Issuer, the Borrower and the Underwriter.

Section 1. Definitions and Background.

1.1 Capitalized terms used in this Purchase Contract but not defined herein have the meanings assigned to them in the Indenture of Trust by and between the Issuer and U.S. Bank Trust Company, National Association, a national banking association (the “Trustee”) dated as of May 1, 2025 (the “Indenture”).

1.2 This Purchase Contract is for the sale and delivery of the Issuer’s Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured) (Sunnydale HOPE SF Block 9) Series 2025B-1 (the “Long-Term Bonds”) and the Issuer’s Multifamily Housing and Revenue Bonds (Sunnydale HOPE SF Block 9) Series 2025B-2 Bonds (the “Short-Term Bonds,” and together with the Long-Term Bonds, the “Bonds”), which are being issued by the Issuer to provide financing for the Project. The Bonds will be issued pursuant to (i) that certain resolution of the Issuer adopted April __, 2025 (the “Bond Resolution”), (ii) the Charter of the City and County of San Francisco (the “Charter”), Article I of Chapter 43 of the Administrative Code of the City and County of San Francisco Municipal Code and Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as amended (the “Act”), and (iii) the terms of the Indenture. The Bonds will be payable from sources pledged under the Indenture, including the moneys and securities from time to time held by the Trustee in the funds and accounts established under the terms of the Indenture (collectively, the “Trust Estate”). In connection with the issuance of the Bonds, the Issuer will execute and deliver this Purchase Contract; the Indenture; the Financing Agreement among the Issuer, the Trustee and the Borrower (the “Financing Agreement”) dated as of May 1, 2025; the Tax Certificate as to Arbitrage and the Provisions of Section 103 and 141-150 of the Internal Revenue Code of 1986 between the Issuer and the Borrower, dated May __, 2025 (the “Tax Certificate”); and the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of May 1, 2025, by and between the Issuer and the Borrower (the “Regulatory Agreement”) (collectively, the “Issuer Documents”) and the Borrower will execute and deliver this Purchase Contract, the Financing Agreement, the Continuing Disclosure Agreement, the Remarketing Agreement, the Tax Certificate, and the Regulatory Agreement (collectively, the “Borrower Documents”). The Issuer Documents and the Borrower Documents are referred to herein as the “Financing Documents.”

Section 2. Purchase and Sale.

2.1 Subject to the terms and conditions set forth in this Purchase Contract, the Underwriter hereby agrees to purchase from the Issuer and the Issuer hereby agrees to sell to the Underwriter, at the Closing (as hereafter defined), \$_____ aggregate principal amount of its Bonds at a price set forth in Exhibit A attached hereto.

2.2 The Bonds will (i) be issued pursuant to the Indenture and (ii) have the payment related terms (that is, the dated date, maturity date, interest rate and price) set forth in Exhibit A attached hereto, and will otherwise correspond to the description thereof contained in the hereinafter-defined Official Statement.

2.3 The Issuer, the Borrower, and the Underwriter each acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction among the Issuer, the Borrower, and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent, municipal advisor, financial advisor, or fiduciary of the Issuer or the Borrower, (iii) the Underwriter has not assumed individually or collectively any advisory or fiduciary responsibility in favor of the Issuer or the Borrower with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has advised or provided other services or is currently advising or providing other services to the Issuer or the Borrower on other matters) and the Underwriter has no contractual obligation to the Issuer or the Borrower with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract, and (iv) the Issuer and the Borrower have consulted their own legal, financial, accounting, tax and other advisors to the extent they deem appropriate in connection with the offering of the Bonds. The primary role of the Underwriter is to purchase the Bonds in an arm's-length commercial transaction among the Issuer, the Borrower and the Underwriter, for resale to investors. The Underwriter has financial and other interests that differ from those of the Issuer. Nothing in the foregoing paragraph is intended to limit the Underwriter's obligations of fair dealing under MSRB Rule G-17.

Section 3. Issue Price.

The Underwriter will provide to the Issuer an executed Issue Price Certificate dated the Closing Date (as defined herein) in the form attached as Exhibit E hereto or other form reasonably required by Bond Counsel in order to establish the issue price of the Bonds.

The Underwriter reserves the right to change such prices as it deems necessary in connection with the offering of the Bonds. Concessions from the public offering price may be allowed to selected dealers and special purchasers. The Borrower authorizes the Underwriter to complete the supplement to the Official Statement to insert the reoffering price for the Bonds selected by the Underwriter in its complete discretion.

Section 4. Closing.

Subject to the terms and conditions hereof, the delivery of the Bonds and the payment of the purchase price of the Bonds as set forth in Exhibit A hereof (the "Closing") will take place at or before 12:00 p.m. Eastern Time on May __, 2025, or at such other time or on such other date mutually agreed upon by the Issuer, the Borrower and the Underwriter, which date shall be referred to herein as the "Closing Date."

Section 5. Official Statement; Disclosure Matters.

5.1 The Issuer and the Borrower each hereby (a) confirms its consent to the use by the Underwriter of the Preliminary Official Statement dated May __, 2025, relating to the Bonds (the "Preliminary Official Statement") in the marketing of the Bonds and (b) authorizes the Underwriter to prepare, use and distribute (at the expense of the Borrower) the Official Statement dated May __, 2025, relating to the Bonds (the "Official Statement") in final form in connection with the offering and sale of the Bonds.

5.2 The Issuer and the Borrower each agrees to the extent required and permitted by applicable law to cooperate (at the sole cost and expense of the Borrower) with the Underwriter so as to enable the Underwriter to comply with the requirements of Rule 15c2-12 (“Rule 15c2-12”) under the Securities Exchange Act of 1934, as amended (the “1934 Act”), and any other rules of the Securities and Exchange Commission (the “SEC”) and the Municipal Securities Rulemaking Board (the “MSRB”), in connection with the offer and sale of the Bonds.

5.3 The Issuer and the Borrower hereby make the following representations in subsection (a) and (b) respectively:

(a) The Issuer hereby certifies and agrees that the information in the Preliminary Official Statement under the captions “THE ISSUER” and “NO LITIGATION – The Issuer” has been “deemed final” by the Issuer as of the date of the Preliminary Official Statement, except for final information as to the offering prices, interest rates, selling compensation, amount of proceeds, delivery dates, other terms depending on such factors, and other information permitted to be omitted under part (b)(1) of Rule 15c2-12.

(b) The Borrower hereby certifies and agrees that the Preliminary Official Statement has been “deemed final” by the Borrower as of its date, except for final information as to the offering prices, interest rates, selling compensation, amount of proceeds, delivery dates, other terms depending on such factors, and other information permitted to be omitted under part (b)(1) of Rule 15c2-12.

5.4 The Issuer and the Borrower (each solely on its own behalf and not on behalf of the other) hereby make the following representations in subsection (a) and (b), respectively:

(a) The Issuer hereby represents that the information in the Preliminary Official Statement and the Official Statement as of their respective dates under the captions “THE ISSUER” and “NO LITIGATION – The Issuer” is true and correct and does not contain any untrue statement of a material fact and does not 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.

(b) The Borrower hereby represents that the information in the Preliminary Official Statement and the Official Statement as of their respective dates is true and correct and does not contain any untrue statement of a material fact and does not 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.

5.5 The Issuer and the Borrower will, at the expense of the Borrower, supply to the Underwriter the Official Statement, in such quantity as may be requested by the Underwriter no later than the earlier of (i) seven (7) business days after the date of this Purchase Contract or (ii) one (1) business day prior to the Closing Date, in order to permit the Underwriter to comply with Rule 15c2-12, and the applicable rules of the MSRB, with respect to distribution of the Official Statement. The Borrower shall provide to the Underwriter the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB’s Rule G-32 no later than one (1) business day prior to the Closing Date to enable the Underwriter to comply with MSRB Rule G-32.

5.6 During the period commencing on the date of this Purchase Contract and ending on the earlier of (a) 90 days from the End of the Underwriting Period or (b) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days following the End of the Underwriting Period (the “Update Period”), if any event shall occur which would cause the Official

Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, and in the judgment of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer (to the extent of the provisions referred to in Section 5.4(a) hereof) and the Borrower will, at the expense of the Borrower, prepare or cooperate in the preparation of such supplement or amendment to the Official Statement in a form approved by the Underwriter and furnish or cooperate in the furnishing to the Underwriter (at the sole expense of the Borrower) a reasonable number of copies of an amendment of, or a supplement to, the Official Statement so that, as supplemented or amended, it will 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. If the Official Statement is so supplemented or amended prior to the Closing, the approval by the Underwriter of a supplement or amendment to the Official Statement shall not preclude the Underwriter from thereafter terminating this Purchase Contract in accordance with the provisions of Section 12(c) hereof. 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” shall 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, in which case the End of the Underwriting Period shall be deemed to be extended for 30 days. The deemed End of the Underwriting Period may be extended for two additional periods of 30 days each upon receipt of an additional written notification from the Underwriter containing the same information as required in the initial written notice.

5.7 If, during the Update Period, the Issuer becomes aware of any event relating to the information concerning the Issuer under the captions “THE ISSUER” and “NO LITIGATION – The Issuer” of the Official Statement which would cause such portions of the Official Statement to contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, the Issuer will promptly notify the Underwriter of such event.

5.8 The Issuer shall promptly advise the Underwriter, during the Update Period, of any action, suit, proceeding, inquiry or investigation against the Issuer, of which the Issuer has actual knowledge, seeking to prohibit, restrain or otherwise affect the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Bonds.

5.9 If, during the Update Period, the Borrower becomes aware of any event which would cause the Preliminary Official Statement or the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, the Borrower will promptly notify the Underwriter and the Issuer of such event.

5.10 The Borrower shall promptly advise the Underwriter, during the Update Period, of any action, suit, proceeding, inquiry or investigation against the Borrower, of which they receive written or actual notice, seeking to prohibit, restrain or otherwise affect the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Bonds.

5.11 The Borrower represents and warrants to the Underwriter and the Issuer that neither the Borrower nor any affiliates thereof are in default under any undertakings with respect to continuing disclosure requirements designed to comply with Rule 15c2-12 in connection with any issue of municipal securities.

Section 6. Representations of the Issuer.

6.1 In addition to the representations contained in Section 5 herein, the Issuer hereby makes the following representations to the Underwriter:

(a) The Issuer is a municipal corporation and chartered city and county of California (the "State"), and has full power and authority under the Act to adopt the Bond Resolution and to enter into and to perform its obligations under the Issuer Documents; and when executed and delivered by the respective parties thereto, the Issuer Documents will constitute the legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitation on legal remedies against units of government of the State;

(b) By official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has approved and authorized the distribution of the Preliminary Official Statement and the Official Statement and authorized and approved the execution and delivery of the Issuer Documents and the consummation by the Issuer of the transactions contemplated thereby;

(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body pending or, to the knowledge of the undersigned on behalf of the Issuer, threatened against the Issuer seeking to restrain or enjoin the sale or issuance of the Bonds, or in any way contesting or affecting any proceedings of the Issuer taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, in any way contesting the validity or enforceability of the Issuer Documents or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or the existence or powers of the Issuer relating to the sale of the Bonds;

(d) The execution and delivery by the Issuer of the Issuer Documents and compliance with the provisions on the Issuer's part contained therein will neither (i) conflict with or constitute a material breach of or default under any law, administrative regulation, judgment or decree to which the Issuer is subject, (ii) conflict with any loan agreement, financing agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or is otherwise subject, nor (iii) 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 of the Issuer under the terms of any such law, administrative regulation, judgment, decree, loan agreement, financing agreement, indenture, bond, security, note, resolution, agreement or other instrument, except as provided by the Issuer Documents;

(e) Except as may be required under Blue Sky or other securities laws of any state and for filings to be made with the Internal Revenue Service on Form 8038, to the knowledge of the undersigned on behalf of the Issuer, there is no consent, approval, authorization or other order of, or filing with, or certification by, any state court, or state or federal governmental agency, or public body of any state required for the execution and delivery of the Issuer Documents or the consummation by the Issuer of the transactions on its part contemplated herein or therein, which has not been duly obtained or made on or prior to the date hereof;

(f) Upon delivery of the Bonds, the Issuer will have good right, full power and lawful authority to pledge and assign the Trust Estate described in the Indenture to the Trustee as provided in the Indenture and the Bond Resolution;

(g) The Issuer has complied in all material respects with the Bond Resolution and the Issuer Documents; and

(h) The Bonds, when delivered in accordance with the Indenture and paid for by the Underwriter on the Closing Date as provided herein, will be validly issued and outstanding special, limited obligations of the Issuer entitled to all the benefits and security of the Indenture.

6.2 The execution and delivery of this Purchase Contract by the Issuer shall constitute a representation by the Issuer to the Underwriter that the representations and agreements contained in this Section 6 are true as of the date hereof; provided, however, that as to information furnished by the Borrower pursuant to this Purchase Contract, the Issuer is relying solely on such information in making the Issuer's representations and agreements, and as to all matters of law the Issuer is relying on the advice of co-Bond Counsel; and provided further, that no member, officer, agent or employee of the Issuer shall be individually liable for the breach of any representation, or agreement contained herein.

6.3 It is understood that the representations and covenants of the Issuer contained in this Section 6 and elsewhere in this Purchase Contract shall not create any general obligation or liability of the Issuer, and that any obligation or liability of the Issuer hereunder or under the Issuer Documents is payable solely out of the Trust Estate established under the Indenture. It is further understood and agreed that the Issuer makes no representations, except as set forth in paragraph 5.4(a) above, as to the Official Statement, or as to (i) the financial condition, results of operation, business or prospects of the Borrower or the Project, (ii) any statements (financial or otherwise), representations, documents or certification provided or to be provided by the Borrower in connection with the offer or sale of the Bonds, or (iii) the correctness, completeness or accuracy of such statements, representations, documents or certifications.

Section 7. Representations and Warranties of the Borrower.

7.1 In addition to the representations and warranties made in Section 5 herein, the Borrower hereby makes the following representations and warranties to the Underwriter and the Issuer, all of which will continue in effect subsequent to the purchase of the Bonds:

(a) The Borrower is a limited partnership duly organized and existing under and pursuant to the laws of the State and is qualified to own the Project and conduct its business in the State.

(b) The Borrower has, and as of the Closing Date will have, full legal right, power and authority to (i) execute and deliver the Borrower Documents, (ii) assist in the preparation, distribution and use of the Preliminary Official Statement and the Official Statement, and (iii) otherwise consummate the transactions contemplated by the Borrower Documents.

(c) The Borrower has duly authorized the (i) execution and delivery of the Borrower Documents, (ii) performance by the Borrower of the obligations contained in the Borrower Documents, (iii) preparation of the Preliminary Official Statement and the Official Statement, and (iv) consummation by the Borrower of all of the transactions contemplated by the Borrower Documents.

(d) The Borrower Documents are, and, when executed and delivered by the Borrower and the other parties thereto, will be, the legal, valid and binding obligations of the Borrower, enforceable in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(e) All consents, approvals, orders or authorizations of, notices to, or filings, registrations or declarations with any governmental authority, board, agency, commission or body having jurisdiction which are required on behalf of the Borrower for the execution and delivery by the Borrower of the Borrower Documents or the consummation by the Borrower of the transactions contemplated hereby or thereby, have been obtained or will be obtained prior to Closing.

(f) The execution and delivery by the Borrower of the Borrower Documents and the consummation by the Borrower of the transactions contemplated hereby and thereby are not prohibited by, do not violate any provision of, and will not result in the breach of or default under (i) the organizational documents of the Borrower, (ii) any applicable law, rule, regulation, judgment, decree, order or other requirement to which the Borrower is subject, or (iii) any contract, indenture, agreement, mortgage, lease, note, commitment or other obligation or instrument to which the Borrower is a party or by which the Borrower or its properties are bound.

(g) There is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower or any partner or member of the Borrower, in their respective capacities as such, nor, to the knowledge of the Borrower, any basis therefor, (i) which would restrain or enjoin the issuance or delivery of the Bonds, the use of the Preliminary Official Statement or the Official Statement in the marketing of the Bonds or the collection of revenues pledged under or pursuant to the Borrower Documents or (ii) which would in any way contest or affect the organization or existence of the Borrower or the entitlement of any officer of the Borrower to its position or (iii) which would contest or have a material and adverse effect upon (A) the due performance by the Borrower of the transactions contemplated by the Preliminary Official Statement, the Official Statement or the Borrower Documents, (B) the validity or enforceability of the Bonds, the Borrower Documents or any other agreement or instrument to which the Borrower is a party and that is used or contemplated for use in the consummation of the transactions contemplated hereby and thereby, (C) the exclusion from gross income for federal income tax purposes of the interest on the Bonds or (D) the financial condition or operations of the Borrower, (iv) which contests in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or (v) which questions the power or authority of the Borrower to carry out the transactions on its part contemplated by the Preliminary Official Statement, the Official Statement and the Borrower Documents, or the power of the Borrower to own or operate the Project. The Borrower is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

(h) On the Closing Date, the Borrower shall not have granted any interests in or rights or options to sell the Bonds to any other party.

(i) All permits (including building permits), licenses and authorizations necessary for the ownership and operation of its Project in the manner contemplated by the Preliminary Official Statement, the Official Statement and each of the Borrower Documents have been obtained or will be obtained, and said ownership and operation are not in conflict with any zoning or similar ordinance applicable to the Project. The Project conforms to all material environmental regulations.

(j) None of the Borrower, any guarantor of the Borrower or any “related person” to the Borrower within the meaning of Section 147 of the Code has acquired or shall acquire, pursuant to any arrangement, formal or informal, any Bonds.

(k) The Borrower has not taken or omitted to take on or prior to the date hereof any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(l) On the Closing Date, each of the representations and warranties of the Borrower contained in the Borrower Documents and all other documents executed by the Borrower in connection with the Bonds shall be true, correct and complete in all material respects.

(m) As of the Closing Date, the Borrower will not be in material default under any document, instrument or commitment to which the Borrower is a party or to which any of its property is subject which default would or could reasonably be expected to adversely affect the ability of the Borrower to carry out its obligations under the Borrower Documents. As of the Closing Date, the Borrower will be in compliance with all of its obligations under the Regulatory Agreement.

(n) The Borrower is in compliance with all of its prior continuing disclosure undertakings entered into pursuant to Rule 15c2-12, if any.

7.2 Each of the representations and warranties set forth in this Section 7 will survive the Closing.

7.3 Any certificate signed by any officer of the Borrower and delivered to the Underwriter in connection with the delivery of the Bonds will be deemed to be a representation and warranty by the Borrower to the Underwriter as to the statements made therein.

Section 8. Covenants of the Issuer.

The Issuer hereby makes the following covenants with the Underwriter:

(a) Prior to the Closing, the Issuer will not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without providing reasonable notice of such proposed supplement or amendment to the Underwriter. Neither the receipt by the Underwriter of notice of a proposed supplement or amendment nor the consent by the Underwriter to such supplement or amendment shall abrogate the Underwriter’s rights under Section 12(c) hereof.

(b) Prior to the Closing, the Issuer will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of the Issuer Documents without the prior written consent of the Underwriter.

(c) Prior to the Closing, except as provided in the Issuer Documents, the Issuer will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the Indenture, including, without limitation, the Bonds or the Issuer Documents.

(d) The Issuer will not knowingly take any action which will in any way cause the proceeds of the Bonds to be applied in a manner other than as provided in the Indenture and

described in the Official Statement or which would cause the interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(e) [Reserved].

(f) The Issuer will reasonably cooperate with the Underwriter upon request, without cost to the Issuer, in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter may designate; provided that the foregoing shall not require the Issuer to expend its own funds, execute a general or special consent to service of process or to qualify as a foreign corporation in connection with such qualification in any foreign jurisdiction.

(g) The Issuer will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished a copy, the Underwriter shall reasonably object in writing and if any event relating to or affecting the Issuer or the Borrower shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement so that it does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, the Issuer shall cause to be forthwith prepared and furnished (at the sole expense of the Borrower) to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) that 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 under which they were made, not misleading.

Section 9. Covenants of the Borrower.

The Borrower hereby makes the following covenants with the Underwriter and the Issuer:

(a) The Borrower will not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without providing reasonable notice of such proposed supplement or amendment to the Underwriter and the Issuer. It is understood pursuant to Section 12(c) that, in the event there arises an event or condition which, in the reasonable judgment of the Underwriter, requires the Official Statement to be amended or supplemented or has a material and adverse effect upon the marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds, the Underwriter shall have the right, pursuant to Section 12(c) hereof, to terminate this Purchase Contract without liability. Neither the receipt by the Underwriter of notice of a proposed supplement or amendment nor the consent by the Underwriter to such supplement or amendment shall abrogate the Underwriter's rights under Section 12(c) hereof.

(b) The Borrower will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished a copy, the Underwriter shall reasonably object in writing and if any event relating to or affecting the Issuer or the Borrower shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to the Underwriter, the Borrower shall cause to be forthwith prepared and furnished (at the sole expense of the Borrower) to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Issuer and the Underwriter) that 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 under which they were made, not misleading.

(c) Prior to the Closing, the Borrower will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of the Borrower Documents without the prior written consent of the Underwriter.

(d) Prior to the Closing, the Borrower will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the Indenture, including, without limitation, the Bonds, the Financing Documents or any indebtedness allowed under the loan from the Permanent Lender.

(e) The Borrower will cooperate with the Issuer to cause the Bonds to be delivered to the address and at the time specified by the Underwriter in conjunction with the Closing.

(f) The Borrower will not take or omit to take any action which will in any way cause the proceeds of the Bonds, or other moneys on deposit in any fund or account in connection with the Bonds, to be applied in a manner other than as provided in the Indenture and described in the Preliminary Official Statement or the Official Statement and will not take or omit to take any action which would cause the interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(g) The Borrower will cooperate with the Underwriter in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter may designate.

(h) The Borrower agrees to cause the necessary amount to be paid to the Trustee and/or the escrow agent on the Closing Date to pay costs of issuance.

(i) The Borrower agrees to provide the Underwriter, at the Borrower's expense, a reasonable number of additional copies of the Financing Documents as the Underwriter shall request.

Section 10. Conditions of Closing.

10.1 The obligations of the Underwriter to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Underwriter of the items described in Section 10.2 hereof and to the satisfaction of the following conditions:

(a) The Underwriter shall not have discovered any material error, misstatement or omission in the representations and warranties made in this Purchase Contract, which representations and warranties shall be deemed to have been made again at and as of the time of the Closing and shall then be true in all material respects.

(b) The Issuer and the Borrower will have performed and complied with all agreements and conditions required by this Purchase Contract to be performed or complied with by such respective parties at or prior to Closing.

(c) The Bonds, the Financing Documents and the Official Statement shall each have been executed and delivered by each of the parties thereto, shall be in full force and effect on and as of the Closing Date and shall not have been amended, modified or supplemented prior to the Closing except as may have been agreed to in writing by the Underwriter and no event of default shall exist under any such documents.

(d) The Underwriter shall have received orders for all of the Bonds (or such amount of the Bonds as is acceptable to the Underwriter) and (a) such orders have not been withdrawn at the time of the Closing and (b) the market price or marketability, at the initial offering price set forth in the Official Statement, of the Bonds shall not have been adversely affected, in the reasonable judgment of the Underwriter.

(e) The Borrower shall have entered into the Continuing Disclosure Agreement containing covenants meeting the requirements of Rule 15c2-12 under the 1934 Act.

(f) The Issuer shall have received the executed Issue Price Certificate of the Underwriter, substantially in the form attached to this Purchase Contract as Exhibit E.

10.2 In addition to the conditions set forth in Section 10.1 hereof, the obligations of the Underwriter to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Underwriter of the following items:

(a) Approving opinions of Kutak Rock LLP and Amira Jackmon, Attorney at Law, co-Bond Counsel, dated the Closing Date, relating to the validity of the Bonds and the tax-exempt status of the Bonds, substantially in the forms attached to the Official Statement as Appendix I-1 and Appendix I-2, and letters of such counsel, addressed to the Federal National Mortgage Association (“Fannie Mae”) and the Underwriter, to the effect that such opinions may be relied upon, together with supplemental opinions of co-Bond Counsel, satisfactory in form and substance to the Underwriter and the Issuer, dated the Closing Date, substantially in the forms attached hereto as Exhibit B-1 and Exhibit B-2.

(b) An opinion of counsel to the Borrower, dated the Closing Date, satisfactory in form and substance to the Underwriter, the Trustee, Fannie Mae, co-Bond Counsel and the Issuer and in substantially the form attached hereto as Exhibit C.

(c) An opinion of Tiber Hudson LLC, counsel to the Underwriter, dated the Closing Date, satisfactory in form and substance to the Underwriter.

(d) A certificate of the Issuer, dated the Closing Date and signed by an authorized official or officer of the Issuer, to the effect that (i) each of the Issuer’s representations contained herein and in all other Issuer Documents, which representations will be deemed to have been made again at and as of the time of Closing, are true and correct in all material respects; (ii) the Issuer has performed and complied with all agreements and conditions required by this Purchase Contract to be performed or complied with by it at or prior to the Closing; and (iii) the information contained in the Preliminary Official Statement and the Official Statement under the captions “THE ISSUER” and “NO LITIGATION – The Issuer” is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(e) Evidence that a public hearing has been duly held and the issuance of the Bonds has been duly approved as required by the Code.

(f) A certificate of the Issuer, dated the Closing Date and signed by an authorized officer of the Issuer, in form and substance satisfactory to the Issuer, the Underwriter and co-Bond Counsel, respecting certain tax matters as may be reasonably required by co-Bond Counsel to enable them to give their respective opinions.

(g) A certificate of the Borrower, dated the Closing Date and signed by its authorized representative, to the effect that:

(i) each of the Borrower's representations and warranties contained herein and in all Borrower Documents, which representations and warranties will be deemed to have been made again at and as of the time of Closing, are true and correct in all material respects;

(ii) the Borrower has performed and complied with all agreements and conditions required by this Purchase Contract to be performed or complied with by it at or prior to the Closing;

(iii) since the date of the Official Statement and except as set forth therein, there has not been any material adverse change in the Project or in the Borrower's operations, financial or otherwise;

(iv) the information contained in the Preliminary Official Statement and the Official Statement is true and correct and does not contain any untrue statement of a material fact and does not 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;

(v) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board or body pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower or any of its affiliates, nor, to the best knowledge of the Borrower, is there any basis therefor, wherein an unfavorable decision, ruling or finding would, in any way, adversely affect the transactions contemplated by the Financing Agreement or the operation and management of the Project, or that might result in any material adverse change in the business, operations, properties, assets, liabilities or condition (financial or other) of the Borrower or that affects the information in the Preliminary Official Statement and the Official Statement; and

(vi) such other matters as the Underwriter may reasonably request.

(h) A certificate of the Borrower dated the Closing Date and signed by its authorized representative, in form and substance satisfactory to the Underwriter and co-Bond Counsel, respecting certain tax matters as may be reasonably required by co-Bond Counsel to enable them to give their respective opinions.

(i) A certificate of the Trustee, dated the Closing Date and signed by an authorized officer of the Trustee, in form and substance satisfactory to co-Bond Counsel and the Underwriter.

(j) The Borrower's 15c2-12 Certificate, substantially in the form attached hereto as Exhibit D, duly executed by the Borrower.

(k) Certified copies of the organizational documents of the Borrower and copies of the resolutions or actions of its partners (if applicable) authorizing the execution and delivery of the Borrower Documents.

(l) The Financing Documents (or certified copies thereof) duly executed and delivered by the respective parties thereto, with such amendments, modifications or supplements as may have been agreed to by the Issuer, co-Bond Counsel and the Underwriter.

(m) A certificate of Fannie Mae dated the Closing Date, delivered to the Issuer, co-Bond Counsel and the Underwriter, substantially in the form attached hereto as Exhibit F.

(n) A certificate of the Permanent Lender dated the Closing Date, delivered to the Issuer, co-Bond Counsel and the Underwriter, substantially in the form attached hereto as Exhibit G.

(o) Written evidence satisfactory to the Underwriter that Moody's Investors Service, Inc. (the "Rating Agency") has issued a rating of "[Aaa]" for the Long-Term Bonds and a rating of "[Aaa/VMIG 1]" for the Short-Term Bonds, and such ratings shall be in effect on the Closing Date.

(p) An opinion of Hawkins Delafield & Wood LLP, Disclosure Counsel, dated the Closing Date and satisfactory in form and substance to the Underwriter and the Issuer

(q) Such additional legal opinions, certificates, instruments and other documents as the Underwriter, the Issuer or co-Bond Counsel may reasonably deem necessary to evidence the truth and accuracy as of the Closing Date of the respective representations and warranties of the Issuer and the Borrower herein contained and in the Official Statement, and to evidence compliance by the Issuer and the Borrower with this Purchase Contract and all applicable legal requirements, and the due performance and satisfaction by the Issuer and the Borrower at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer and the Borrower.

10.3 If any of the conditions set forth in Section 10.1 or 10.2 hereof have not been met on the Closing Date, the Underwriter may, at its sole option, terminate this Purchase Contract or proceed to Closing upon waiving any rights under this Purchase Contract with respect to any such condition. If this Purchase Contract is terminated pursuant to this Section 10, no party will have any rights or obligations to any other, except as provided in Section 13 hereof.

Section 11. Actions and Events at the Closing.

The following events will take place at the Closing:

(a) The Issuer will cause the Trustee to deliver the Bonds to the Underwriter. The Bonds so delivered will be in the form required by the Indenture, duly authenticated by the Trustee, and will be fully registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York.

(b) The Issuer and the Borrower, as applicable, will deliver or cause to be delivered to the Underwriter at the offices of Bond Counsel, or at such other place or places as the Issuer, the

Borrower and the Underwriter may mutually agree upon, the materials described in Section 10.1 and Section 10.2 hereof.

(c) The Underwriter will deliver to the Trustee, for the account of the Issuer, a wire, payable in immediately available funds, in an amount equal to the purchase price of the Bonds as set forth in Exhibit A hereto.

Section 12. Termination of Agreement.

The Underwriter may terminate this Purchase Contract, without liability therefor, by notifying the Issuer and the Borrower at any time prior to the Closing, if:

(a) Legislation is enacted or introduced in the Congress or recommended to the Congress for passage by the President of the United States, or 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 is 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, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice or official statement is issued or made: (i) by or on behalf of the President, the Treasury Department of the United States or the Internal Revenue Service with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by the owners of the Bonds, or (ii) by or on behalf of the SEC, or any other governmental entity having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds or any arrangements underlying the Bonds, are not exempt from registration under the 1933 Act, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(b) The declaration of a general banking moratorium by federal, New York or State authorities, or general suspension of trading in securities on the New York Stock Exchange any other national securities exchange, or the establishment by the New York Stock Exchange, by the SEC, by any federal or state agency or by the decision of any court, of any limitation on prices for such trading, or any outbreak or escalation of hostilities or occurrence of any other national or international calamity or crisis or escalation of such calamity or crisis, the effect of which on the financial markets of the United States shall be such as to make it impracticable for the Underwriter to proceed with the purchase and offering of the Bonds;

(c) Any event or condition which, in the reasonable judgment of the Underwriter, (i) renders untrue any statement of a material fact in the Official Statement, and the Issuer and the Borrower do not agree to supplement or amend the Official Statement to correct the deficiency, or (ii) causes the Official Statement to omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, and the Issuer and the Borrower do not agree to supplement or amend the Official Statement to correct the deficiency, or (iii) has a material adverse effect upon the marketability of the Bonds, or (iv) would materially and adversely affect the ability of the Underwriter to enforce contracts for the sale of the Bonds;

(d) The imposition by the New York Stock Exchange or other national securities exchange, or any governmental entity, of any restrictions not now in force with respect to any of the Bonds or obligations of the general character of the Bonds or securities generally, or the increase of any such restrictions now in force, including those relating to the extension of credit by, or the change to the net capital requirements of the Underwriter;

(e) An order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the SEC, or any other governmental entity having jurisdiction of the subject matter, 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 or any arrangements underlying the Bonds, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of the federal securities laws as then in effect;

(f) The rating on the Bonds shall have been downgraded or withdrawn by the Rating Agency; or

(g) A material disruption in commercial banking, securities settlement, payment, or clearance services shall have occurred which would adversely affect the ability of the Underwriter to enforce contracts for the sale of the Bonds.

Section 13. Fees and Expenses.

13.1 The Borrower shall pay to the Underwriter a fee in the amount of \$_____ for certain fees and expenses (the “Underwriter’s Fee”), payable in immediately available funds on the Closing Date from which the Underwriter will pay certain expenses. The Underwriter’s Fee shall not include the fee of the Underwriter’s counsel. The Borrower acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred in connection with the issuance of the Bonds. The Borrower has agreed to pay the Underwriter’s Fee set forth in this Section 13.1, and inclusive in the expense component of the Underwriter’s Fee are actual expenses incurred or paid for by the Underwriter on behalf of the Borrower in connection with the marketing, issuance, and delivery of the Bonds, including, but not limited to, advertising expenses, the costs of any preliminary and final blue sky memoranda, CUSIP fees, and transportation, lodging, and meals for the Borrower’s employees and representatives, if any.

13.2 The Borrower shall pay the costs of issuance of the Bonds, including all expenses incident to the performance of the Underwriter’s and the Issuer’s obligations hereunder, including, but not limited to, (i) the cost of the preparation, printing or other reproduction of this Purchase Contract, the Preliminary Official Statement and the Official Statement, as either may be supplemented or amended, the Indenture and the other Financing Documents in reasonable quantities for distribution; (ii) the cost of engraving, reproducing and signing the definitive Bonds; (iii) the reasonable fees and disbursements of all applicable legal counsel, including co-Bond Counsel, counsel to the Issuer, counsel to the Trustee (if any), and counsel to the Underwriter; (iv) the initial fees and costs of paying the Trustee and all paying agents, transfer agents and registrars; (v) the fees and expenses of the Issuer; (vi) CUSIP fees; (vii) the cost of qualifying the Bonds for sale in various states chosen by the Underwriter and the cost of preparing or printing any Preliminary Blue Sky Survey to be used in connection with such sale; (viii) the fees and expenses of the experts retained by the Borrower with respect to the acquisition, construction and financing of the Project; (ix) the fees of the Rating Agency in connection with the rating of the Bonds; (x) normal travel costs, including reasonable transportation and lodging; (xi) ordinary and reasonable meals hosted by the Underwriter that are directly related to the offering contemplated by this Purchase Contract; and (xii) all other applicable fees of professionals hired in conjunction with the issuance of the Bonds. Notwithstanding anything to the contrary, in the event the transaction contemplated hereby does not close, the Borrower shall pay all fees and expenses incurred in connection with the transaction.

13.3 In the event that the Issuer, the Borrower or the Underwriter shall have paid obligations of the other as set forth in this Section, appropriate adjustments will promptly be made.

13.4 In addition to the provisions set forth in Section 14 hereto, the Borrower shall indemnify the Issuer and the Underwriter with respect to the foregoing costs and expenses in the event that the purchase provided for herein is not consummated.

13.5 The Borrower and Underwriter acknowledge that expenses included in the expense component of the Underwriter's Fee may be based upon estimates. The Borrower and Underwriter agree that in the event the aggregate estimated expenses exceed the aggregate actual expenses incurred by the Underwriter in an amount equal to or greater than \$1,000 (the "Reimbursement Threshold"), the Underwriter shall reimburse to the Borrower the amount that the aggregate estimated expenses exceed the aggregate actual expenses. For the avoidance of doubt, the Borrower acknowledges and agrees that in the event the aggregate estimated expenses exceed the aggregate actual expenses incurred by the Underwriter in an amount less than the Reimbursement Threshold, no reimbursement will be made by the Underwriter. The Borrower acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

Section 14. Indemnification.

14.1 The Borrower will indemnify and hold harmless the Issuer and each officer, director, employee, agent, official, member, commissioner, board member and each person who "controls" (as such term is used in Section 15 of the 1933 Act and Section 20 of the 1934 Act) any of the foregoing (each an "Issuer Indemnified Party" and collectively, the "Issuer Indemnified Parties") and the Underwriter and each of its officers, directors, employees, agents, officials, members, commissioners, board members and each person who "controls" (as such term is used in Section 15 of the 1933 Act and Section 20 of the 1934 Act) the Underwriter (together with the Issuer Indemnified Parties, each referred to individually as an "Indemnified Party" and collectively as the "Indemnified Parties") against any losses, claims, expenses (including, without limitation, to the extent permitted by law, reasonable attorneys' fees and expenses actually incurred), damages or liabilities, causes of action (whether in contract, tort or otherwise), suits, claims, demands and judgments of any kind, character and nature (collectively referred to herein as the "Liabilities"), joint or several, to which the Indemnified Parties may be threatened or become subject, caused by or directly or indirectly arising from or in any way relating to (i) the Bonds, the Project, the loan of the proceeds of the Bonds, this Purchase Contract or any document related to the Bonds, the Project or the loan of the proceeds of the Bonds or any transaction or agreement, written or oral, pertaining to the foregoing, (ii) any untrue statement or alleged untrue statement of any material fact contained in the Preliminary Official Statement or the Official Statement, or any supplement or amendment thereto, or (iii) any omission or alleged omission to state in the Preliminary Official Statement or the Official Statement a material fact necessary to be stated therein in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading. This indemnification provision shall not be construed as a limitation on any other liability which the Borrower may otherwise have to any indemnified person, provided that in no event shall the Borrower be obligated for double indemnification, in that the Borrower shall not be required to indemnify an Indemnified Party more than once with respect to a specific indemnification obligation arising as the result of a specific event. Notwithstanding the foregoing, the Borrower shall not be required to indemnify the Indemnified Parties for the willful misconduct of an Issuer Indemnified Party or for the gross negligence or willful misconduct of the other Indemnified Parties.

14.2 The indemnity agreements in paragraph 14.1 of this Section 14 shall be in addition to any liability which the Borrower may otherwise have hereunder or under the other Borrower Documents, and shall extend on the same terms and conditions to each member, principal, official, officer, commissioner, board member, attorney or employee of the Borrower and to each person, if any, who "controls" (as such term is used in Section 15 of the 1933 Act and Section 20 of the 1934 Act) the Borrower.

14.3 Promptly after receipt by an Indemnified Party under paragraph 14.1 of this Section of notice of the commencement of any action against such Indemnified Party in respect of which indemnity or reimbursement may be sought against the Borrower under any such paragraph, such Indemnified Party will notify the Borrower in writing of the commencement thereof; provided that any delay or failure to give such notification shall be of no effect except to the extent that the Borrower is prejudiced thereby.

14.4 In case any action, claim or proceeding, as to which the Borrower is to provide indemnification hereunder, shall be brought against the Indemnified Party and the Indemnified Party notifies the Borrower of the commencement thereof, the Borrower may, or if so requested by the Indemnified Party shall, participate therein or assume the defense thereof, with counsel reasonably satisfactory to the Indemnified Party; provided that, except as provided below, the Borrower shall not be liable for the expenses of more than one separate counsel representing the Indemnified Parties in the action, claim or proceeding.

14.5 If the Borrower shall not have employed counsel to have charge of the defense of the action, claim or proceeding, or if any Indemnified Party shall have concluded reasonably that there may be a defense available to it or to any other Indemnified Party which is different from or in addition to those available to the Borrower or to any other Indemnified Party (hereinafter referred to as a "separate defense"), (i) the Borrower shall not have the right to direct the defense of the action, claim or proceeding on behalf of the Indemnified Party, and (ii) reasonable legal and other expenses incurred by the Indemnified Party (including without limitation, to the extent permitted by law, reasonable attorney's fees and expenses actually incurred) shall be borne by the Borrower; provided, that the Borrower shall not be liable for the expenses of more than one additional separate counsel for each Indemnified Party with respect to such separate defenses. For the purpose of this paragraph, an Indemnified Party shall be deemed to have concluded reasonably that a separate defense is available to it or any other Indemnified Party if (a) such Indemnified Party shall have requested an unqualified written opinion from Independent Counsel to the effect that a separate defense exists, and such Independent Counsel shall have delivered such opinion to the Indemnified Party within ten (10) days after such request or (b) the Borrower agrees that a separate defense is so available. For purposes of this paragraph, Independent Counsel shall mean any attorney, or firm or association of attorneys, duly admitted to practice law before the supreme court of any state and not a full-time employee of any Indemnified Party. Nothing contained in this paragraph 14.5 will preclude any Indemnified Party, at its own expense, from retaining additional counsel to represent such party in any action with respect to which indemnity may be sought from the Borrower hereunder.

14.6 The Borrower agrees to reimburse any Indemnified Party for any reasonable expense (including reasonable fees and expenses of counsel) incurred as a result of producing documents, presenting testimony or evidence, or preparing to present testimony or evidence (based upon time expended by an Indemnified Party at its then current time charges), in connection with any court or administrative proceeding (including any investigation which may be preliminary thereto) arising out of or relating to any public distribution of the Bonds. The Borrower will not be required to reimburse any Indemnified Party if such court or administrative hearing arises out of the gross negligence of, willful misconduct or breach of, this Purchase Contract by an Indemnified Party.

14.7 In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in paragraph 14.1 or 14.2 of this Section 14 is for any reason held to be unavailable, the Borrower and the Indemnified Party shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Party may be subject, so that the Indemnified Party is responsible for that portion represented by the percentage that the fees paid by the Borrower to the Indemnified Party 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 Indemnified Party be responsible for any amount in excess of the fees paid by the Borrower to the

Indemnified Party in connection with the issuance and administration of the Bonds; and provided, further, that the foregoing limitation on an Indemnified Party's liability or responsibility shall not be applicable if the indemnity provided for in paragraph 14.1 or 14.2 is unavailable or inapplicable due to the willful misconduct of an Issuer Indemnified Party or the gross negligence or willful misconduct of any Indemnified Party. No person guilty of fraudulent misrepresentation (within Section 10(b) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such misrepresentation.

14.8 The Indemnified Parties, other than the Underwriter and the Issuer, shall be considered to be third-party beneficiaries of this Purchase Contract for purposes of this Section 14. The provisions of this Section 14 will be in addition to all liability which the Borrower may otherwise have and shall survive any termination and cancellation of this Purchase Contract, the offering and sale of the Bonds and the payment or provisions for payment of the Bonds.

14.9 Notwithstanding anything to the contrary in this Purchase Contract, the Issuer may employ its own counsel (whether one or more separate counsel) in any manner it deems appropriate and the Borrower shall indemnify the Issuer for fees and expenses of such counsel.

Section 15. Limitation of Liability.

Notwithstanding any provision herein to the contrary, any member, officer, director, partner, agent, commissioner, board members or employee of the Issuer, the Underwriter or the Borrower, including any person executing this Purchase Contract, shall not bear any liability as a result of any failure of the Issuer, the Underwriter or the Borrower to perform the obligations of each, respectively, set forth in this Purchase Contract.

Section 16. Miscellaneous.

16.1 All notices, demands and formal actions hereunder will be in writing and mailed, telecopied or delivered to the following address or such other address as either of the parties shall specify:

If to the Underwriter: Wells Fargo Bank, National Association
30 Hudson Yards, 15th Floor
New York, NY 10001
Attention: Patrice Mitchell, Executive Director

If to the Issuer: 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: Daniel Adams, Director

Office of the City Attorney
City Hall, 1 Dr. Carlton B. Goodlett Place, Room 234
San Francisco, CA 94102
Attention: Finance Team

If to the Borrower: Sunnydale Block 9 Housing Partners, L.P.
44 Montgomery Street, Suite 1300
San Francisco, CA 94104
Attention: Ann Silverberg, CEO, NorCal Affordable

16.2 This Purchase Contract will inure to the benefit of and be binding upon the parties hereto and their successors and assigns and, except as provided in Section 14 hereof will not confer any rights upon any other person. The terms “successor” and “assigns” will not include any purchaser of any of the Bonds from the Underwriter merely because of such purchase.

16.3 This Purchase Contract may not be assigned by any of the parties hereto prior to the Closing.

16.4 If any provision of this Purchase Contract is held or deemed to be or is, in fact, inoperative, invalid or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any constitution, statute, rule of public policy, or any other reason, such circumstances will not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Purchase Contract invalid, inoperative or unenforceable to any extent whatever.

16.5 This Purchase Contract will be construed in accordance with and governed by the internal laws of the State, without regard to conflict of law principles of the State.

16.6 This Purchase Contract may be executed in several counterparts (including counterparts exchanged by email in PDF format), each of which will be regarded as an original and all of which will constitute one and the same document.

Section 17. Survival of Certain Representations and Obligations.

The respective agreements, covenants, representations, warranties and other statements of the Issuer and the Borrower and each of their respective officers set forth in or made pursuant to this Purchase Contract shall survive delivery of and payment for the Bonds and shall remain in full force and effect, regardless of any investigation, or statements as to the results thereof, made by or on behalf of the Underwriter.

If the foregoing is in accordance with your understanding, please sign and return to us two counterparts hereof and, upon the acceptance hereof by the Issuer and the Borrower, this Purchase Contract and such acceptance shall constitute the binding agreement among us as to the matters set forth above.

Very truly yours,

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**

By: _____
Patrice Mitchell
Executive Director

[Signatures continue on following page]

[Issuer's signature page to Purchase Contract]

CITY AND COUNTY OF SAN FRANCISCO,
as Issuer

By _____
Daniel Adams, Director
Mayor's Office of Housing and Community
Development

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By _____
Deputy City Attorney

[Signatures continue on following page]

[Borrower's signature page to Purchase Contract]

**SUNNYDALE BLOCK 9 HOUSING PARTNERS,
L.P.,** a California limited partnership

By: Related/Sunnydale Block 9 Development Co.,
LLC, a California limited liability company, its
administrative general partner

By: _____
Name: Ann Silverberg
Title: President

By: Sunnydale Block 9 LLC, a California limited
liability company, its managing general partner

By: Mercy Housing Calwest, a California
nonprofit public benefit corporation, its
sole member and manager

By: _____
Name: Elizabeth Kuwada
Title: Vice President

EXHIBIT A

TERMS OF BONDS

**City and County of San Francisco
Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured)
(Sunnydale HOPE SF Block 9) Series 2025B-1**

<u>Dated Date</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>
May __, 2025	_____ 1, 20__	\$_____	____%	[100]%

**City and County of San Francisco
Multifamily Housing Revenue Bonds
(Sunnydale HOPE SF Block 9) Series 2025B-2**

<u>Dated Date</u>	<u>Initial Mandatory Tender Date</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>
May __, 2025	_____ 1, 20__	_____ 1, 20__	\$_____	____%	[100]%

EXHIBIT B-1

**PROPOSED FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL
(KUTAK ROCK LLP)**

_____, 2025

Wells Fargo Bank, National Association
New York, New York

\$ _____
City and County of San Francisco
Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured)
(Sunnydale HOPE SF Block 9)
Series 2025B-1

\$ _____
City and County of San Francisco
Multifamily Housing Revenue Bonds
(Sunnydale HOPE SF Block 9)
Series 2025B-2

Ladies and Gentlemen:

[TO BE PROVIDED]

EXHIBIT B-2

**PROPOSED FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL
(AMIRA JACKMON, ATTORNEY AT LAW)**

[TO BE PROVIDED]

EXHIBIT C

FORM OF OPINION OF COUNSEL TO THE BORROWER

May __, 2025

Wells Fargo Bank, National Association
New York, New York

City and County of San Francisco
San Francisco, California

Kutak Rock LLP
Omaha, Nebraska

Amira Jackmon, Attorney at Law
Berkeley, California

U.S. Bank Trust Company, National Association
San Francisco, California

Fannie Mae
Washington, D.C.

\$ _____
City and County of San Francisco
Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured)
(Sunnydale HOPE SF Block 9)
Series 2025B-1

\$ _____
City and County of San Francisco
Multifamily Housing Revenue Bonds
(Sunnydale HOPE SF Block 9)
Series 2025B-2

Ladies and Gentlemen:

We have acted as counsel to Sunnydale Block 9 Housing Partners, L.P., a California limited partnership (the “Borrower”), in connection with the issuance of the above-captioned bonds (the “Bonds”) by the City and County of San Francisco (the “Issuer”).

Capitalized terms used but not defined herein have the meanings assigned to them in the Indenture of Trust dated as of May 1, 2025, between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), or the hereinafter-defined Bond Purchase Agreement.

In our capacity as such counsel, in rendering the opinions set forth below, we have examined, among other things, originals or copies, certified or otherwise identified to our satisfaction, of the following documents: (i) the Preliminary Official Statement, dated May __, 2025, of the Issuer relating to the Bonds (the “Preliminary Official Statement”); (ii) the Official Statement, dated May __, 2025, of the Issuer relating to the Bonds (the “Official Statement”); (iii) the Regulatory Agreement and Declaration of Restrictive

Covenants, between the Issuer and the Borrower, dated as of May 1, 2025; (iv) the Financing Agreement, dated as of May 1, 2025, by and among the Issuer, the Trustee and the Borrower; (v) the Bond Purchase Agreement, dated May __, 2025, among the Issuer, the Underwriter named therein and the Borrower (the “Bond Purchase Agreement”); (vi) the Continuing Disclosure Agreement, dated as of May 1, 2025, between the Borrower and the Dissemination Agent named therein; (vii) the Remarketing Agreement, dated as of May 1, 2025, between the Borrower and the Remarketing Agent named therein; (viii) the promissory note, dated the Closing Date, executed by the Borrower; (ix) the Tax Certificate as to Arbitrage and the Provisions of Section 103 and 141-150 of the Internal Revenue Code of 1986 between the Issuer and the Borrower, dated the Closing Date; and (x) such other documents, certificates and instruments as we have deemed necessary for the purposes of reaching the opinion expressed herein. We have also relied as to matters of fact upon a certificate of the Borrower and examined certain other certificates and documents.

In such examination, we have assumed the genuineness of all signatures (other than those relating to the Borrower), the authenticity of all documents submitted to us as originals, and the conformity to the original document of all documents submitted to us as photostatic or certified copies. We have assumed due authorization, execution and delivery of all documents referenced herein by the parties thereto other than the Borrower and that each of such parties has full power, authority and legal right to execute and deliver each such instrument.

Based upon and subject to the foregoing, we are of the opinion that, as of the date hereof:

(i) The Borrower (a) is a limited partnership validly existing under the laws of the State of California (the “State”), (b) is in good standing and duly qualified to transact business in the State, and (c) has full power and authority to execute and deliver the documents listed above numbered (iii) through (ix) (the “Financing Documents”) and the Official Statement and to perform its obligations under each respective agreement.

(ii) The Financing Documents and the Official Statement have each been duly authorized, executed and delivered by the Borrower and the Financing Documents constitute legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except as the enforcement thereof may be limited by (a) applicable bankruptcy, insolvency, moratorium, reorganization and similar laws (including fraudulent conveyance laws) affecting the enforcement of creditors’ rights and remedies generally in effect from time to time, and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(iii) The execution and delivery of the Financing Documents and the performance by the Borrower of the terms of the respective agreements do not conflict with or violate any other document, instrument, decree, indenture or agreement by which the Borrower is bound.

(iv) No approval, authorization or other action by, or filing with, the State or any agency thereof, is required in connection with the execution and delivery by the Borrower of the Bond Purchase Agreement.

(v) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before any court or public body pending or, to the best of our knowledge, threatened, to challenge the right, power or authority of the Borrower to acquire, own and operate the Project or to perform its obligations under the Bond Purchase Agreement or the other Financing Documents.

(vi) The information in the Preliminary Official Statement and the Official Statement does not contain an untrue statement of 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 as of the date hereof.

We express no opinion as to any matter whatsoever, relating to the accuracy or completeness of any financial accounting or projection information furnished to any party, the accuracy or completeness of any representation made by our clients, the financial status of our clients, the ability of our clients to meet their obligations under any of the above-referenced agreements or any other related document.

Very truly yours,

EXHIBIT D

FORM OF BORROWER'S RULE 15c2-12 CERTIFICATE

§ _____
City and County of San Francisco
Multifamily Housing Revenue Bonds
(Fannie Mae MBS-Secured)
(Sunnydale HOPE SF Block 9)
Series 2025B-1

§ _____
City and County of San Francisco
Multifamily Housing Revenue Bonds
(Sunnydale HOPE SF Block 9)
Series 2025B-2

The undersigned hereby certifies and represents to Wells Fargo Bank, National Association (the "Underwriter") that the undersigned is authorized to execute and deliver this certificate on behalf of Sunnydale Block 9 Housing Partners, L.P., a California limited partnership (the "Borrower"), and hereby further certifies 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 (the "Rule") in connection with the issuance and sale of the above captioned securities (collectively, the "Bonds").

(b) In connection with the issuance and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated May __, 2025, relating to the Bonds (the "Preliminary Official Statement"), setting forth information concerning the Bonds and the Borrower.

(c) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), accreted values, yield to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters and the identity of the Underwriter(s), all with respect to the issuance and sale of the Bonds.

(d) The Preliminary Official Statement is, as of the date thereof, deemed final within the meaning of the Rule, except for Permitted Omissions.

(e) The section of the Preliminary Official Statement entitled "CONTINUING DISCLOSURE" describes the agreement the Borrower expects to make for the benefit of the Bondholders in the Continuing Disclosure Agreement dated as of May 1, 2025, executed by the Borrower and U.S. Bank Trust Company, National Association, a national banking association, as dissemination agent, by which the Borrower will undertake to provide continuing disclosure in accordance with the Rule.

Dated: May __, 2025

[Signature page to follow]

[Signature page to Rule 15c2-12 Certificate]

IN WITNESS WHEREOF, I have hereunto set my hand as of the date set forth above.

**SUNNYDALE BLOCK 9 HOUSING PARTNERS,
L.P.,** a California limited partnership

By: Related/Sunnydale Block 9 Development Co.,
LLC, a California limited liability company, its
administrative general partner

By: _____
Name: Ann Silverberg
Title: President

By: Sunnydale Block 9 LLC, a California limited
liability company, its managing general partner

By: Mercy Housing Calwest, a California
nonprofit public benefit corporation, its
sole member and manager

By: _____
Name: Elizabeth Kuwada
Title: Vice President

EXHIBIT E

FORM OF ISSUE PRICE CERTIFICATE

\$ _____
City and County of San Francisco
Multifamily Housing Revenue Bonds
(Fannie Mae MBS-Secured)
(Sunnydale HOPE SF Block 9)
Series 2025B-1

\$ _____
City and County of San Francisco
Multifamily Housing Revenue Bonds
(Sunnydale HOPE SF Block 9)
Series 2025B-2

The undersigned, on behalf of Wells Fargo Bank, National Association (the “Underwriter”), on behalf of itself, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (collectively, 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 listed in Exhibit A attached to the Bond Purchase Agreement dated May __, 2025, among the Underwriter, Sunnydale Block 9 Housing Partners, L.P., a California limited partnership (the “Borrower”), and the City and County of San Francisco (the “Issuer”).

2. Defined Terms.

(a) “Issuer” means the City and County of San Francisco, a municipal corporation and chartered city and county of the State of California (the “State”), organized and existing under and pursuant to its Charter and the Constitution and laws of the State.

(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 the Underwriter or a related party to the Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) “Underwriter” means (i) Wells Fargo Bank, National Association, (ii) 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 (iii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (ii) 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).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’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 and the Borrower with respect to certain of the representations set forth in the Tax Certificate as to Arbitrage and the Provisions of Section 103 and 141-150 of the Internal Revenue Code of 1986 and with respect to

compliance with the federal income tax rules affecting the Bonds, and by Kutak Rock LLP, Omaha, Nebraska, and Amira Jackmon, Attorney at Law, San Francisco, California, co-Bond Counsel, in connection with rendering their respective opinions that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that they may give to the Issuer and the Borrower from time to time relating to the Bonds.

Dated: May __, 2025

[Underwriter's signature page to Issue Price Certificate]

Dated as of the date hereof.

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**

By: _____
Patrice Mitchell
Executive Director

EXHIBIT F

FORM OF CERTIFICATE OF FANNIE MAE

§ _____

**City and County of San Francisco
Multifamily Housing Revenue Bonds
(Fannie Mae MBS-Secured)
(Sunnydale HOPE SF Block 9)
Series 2025B-1**

This Certificate, dated as of May __, 2025, is being furnished to the City and County of San Francisco (the “Issuer”) and Wells Fargo Bank, National Association, as underwriter (the “Underwriter”), pursuant to the terms of the Bond Purchase Agreement dated May __, 2025 (the “Bond Purchase Agreement”) among the Underwriter, the Issuer and Sunnydale Block 9 Housing Partners, L.P., a California limited partnership, regarding the purchase by the Underwriter of the Issuer’s Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured) (Sunnydale HOPE SF Block 9) Series 2025B-1 (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 would 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 consents to the inclusion, but makes no representation as to the suitability of such information under the caption “APPENDIX A – FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM” in the Preliminary Official Statement and the Official Statement, for use in connection with the marketing of the Bonds.

FANNIE MAE

By: _____
Name:
Title:

FANNIE MAE CERTIFICATE (Sunnydale Block 9)

EXHIBIT G

FORM OF CERTIFICATE OF PERMANENT LENDER

§ _____

**City and County of San Francisco
Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured)
(Sunnydale HOPE SF Block 9)
Series 2025B-1**

May __, 2025

The undersigned, Wells Fargo Bank, National Association, a national banking association (the “Permanent Lender”), in connection with the issuance, sale and delivery by the City and County of San Francisco (the “Issuer”) of its Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured) (Sunnydale HOPE SF Block 9) Series 2025B-1 in the aggregate principal amount of \$_____ (the “Bonds”), does hereby certify as of the date hereof as follows:

1. Each MBS delivered to U.S. Bank Trust Company, National Association, a national banking association (the “Trustee”) 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. The Trustee shall be furnished with (i) an 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 captions “THE PERMANENT LOAN,” “FANNIE MAE,” “APPENDIX A — FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM,” and “APPENDIX H — TERM SHEET” in the Official Statement, and the information under such captions 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 May __, 2025, among Wells Fargo Bank, National Association, Sunnydale Block 9 Housing Partners, L.P., a California limited partnership, and the Issuer.

[Signature page to Certificate of Permanent Lender]

IN WITNESS WHEREOF, I have hereunto set my hand as of the date set forth above.

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**

By: _____
[Janine Halverson]
[Executive Director]

FINANCING AGREEMENT

by and among

CITY AND COUNTY OF SAN FRANCISCO,
as Issuer,

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee,

and

SUNNYDALE BLOCK 9 HOUSING PARTNERS, L.P.,
as Borrower

relating to

\$_[]
City and County of San Francisco
Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured)
(Sunnydale HOPE SF Block 9)
Series 2025B-1

\$_[]
City and County of San Francisco
Multifamily Housing Revenue Bonds
(Sunnydale HOPE SF Block 9)
Series 2025B-2

Dated as of May 1, 2025

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FINANCING AGREEMENT

THIS FINANCING AGREEMENT (this “Financing Agreement”), is dated as of May 1, 2025, and entered into by and among the **CITY AND COUNTY OF SAN FRANCISCO** (together with its successors and assigns, the “Issuer”), a municipal corporation and chartered city and county, organized and existing under the laws of the State of California (the “State”), **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, as trustee under the Indenture referred to below (together with its successors and assigns, the “Trustee”), and **SUNNYDALE BLOCK 9 HOUSING PARTNERS, L.P.**, a California limited partnership (together with its successors and assigns, the “Borrower”).

RECITALS:

A. Pursuant to the Act (as defined in the Indenture), the Issuer is authorized to issue revenue bonds, notes or other evidence of indebtedness for the purpose of, among other things, financing the acquisition, construction, and equipping of multifamily rental housing and for the provision of capital improvements in connection therewith and determined to be necessary thereto.

B. As more fully set forth in the Indenture of Trust, of even date herewith, between the Issuer and the Trustee (the “Indenture”), the Issuer is issuing its Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured) (Sunnydale HOPE SF Block 9) Series 2025B-1, in the aggregate principal amount of \$[_____] (the “Series B-1 Bonds”) and its Multifamily Housing Revenue Bonds (Sunnydale HOPE SF Block 9) Series 2025B-2, in the aggregate principal amount of \$[_____] (the “Series B-2 Bonds,” and together with the Series B-1 Bonds, individually or collectively as context may dictate, the “Bonds”).

C. 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, construction and equipping of the Project.

D. 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.

E. 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 (2) 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 (the “Bond Loan Notes”), from the Borrower to the Issuer.

F. 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:

“Administrative General Partner” means Related/Sunnydale Block 9 Development Co., LLC, a California limited liability company.

“Determination of Taxability” means the receipt by the Trustee of (1) a copy of written notice from the Commissioner or any District 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 within the meaning of Section 147(a) of the Code).

“Event of Default” means any event of default specified and defined in Section 8.01 of this Financing Agreement.

“General Partner” means, individually or collectively, as applicable the Administrative General Partner and the Managing General Partner.

“Managing General Partner” means Sunnydale Block 9 LLC, a California limited liability company.

“Mortgage Note Rate” means a per annum rate of interest calculated in accordance with the Mortgage Note.

“Permitted Liens” means 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.

“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, Warranties and Covenants by the Borrower. The Borrower represents, warrants and covenants as follows:

(a) The Borrower is a limited partnership and is qualified to do business in the State and in every other state in which the nature of its business requires such qualification.

Each General Partner is a limited liability company and is qualified to do business in the State and in every other state in which the nature of its business requires such qualification. Each of the Borrower and each 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 any General Partner and the Permanent Loan Documents. This Financing Agreement, the other Financing Documents to which the Borrower or any 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 any 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 each General Partner executing this Financing Agreement, all other Financing Documents contemplated hereby to be executed by the Borrower or any General Partner and the Permanent Loan Documents are duly and properly in office and fully authorized to execute the same. All corporate partners, if any, of the Borrower are duly organized and in good standing under the laws of their respective states of organization and are duly qualified to transact business in the State as either domestic or foreign corporations, as applicable. All partnership partners, if any, of the Borrower are duly formed and in good standing under the laws of their respective states of formation and, to the extent required by the laws of the State, are duly qualified to transact business in the State as either domestic or foreign partnerships or limited liability companies, as applicable.

(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 a leasehold interest on the land on which the Project will be located and fee simple title to the improvements constituting the Project,

subject to the Permitted Liens. The Borrower is the sole borrower under the Permanent Loan. As of the Closing Date the Borrower will enjoy 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 or will obtain 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. 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 (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. The term

“hazardous materials” shall not include lawful materials located or stored in or on the Project premises of the type customarily used in the construction or maintenance of buildings and grounds like the Project, which materials are used or stored in reasonable quantities and disposed of appropriately and then only in a lawful manner in each instance.

(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 one hundred twenty percent (120%) of the average reasonably expected economic life of the facilities of the Project financed with the original net proceeds of the Bonds.

(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 other than as contained in the Borrower’s amended and restated agreement of limited partnership dated on or about the date hereof. Nothing in this Financing Agreement shall prevent the Borrower from issuing additional partnership interests or ownership interests if such units are issued in accordance with all applicable securities laws.

(w) The Borrower is, and will at all times be, a Single Purpose Entity.

(x) The Project is located wholly within the State and within the jurisdiction of the Issuer.

(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 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.

Section 2.02. Representations, Warranties and Covenants of the Issuer. The Issuer represents, warrants and covenants as follows:

(a) **Authority.** The Issuer is a municipal corporation and chartered city and county, organized and existing under the laws of the State of California, is authorized and empowered by the provisions of the Act and the Resolution to enter into the transactions contemplated by this Financing Agreement and the Indenture and to carry out its obligations hereunder and thereunder, and by proper action of its governing body has been duly authorized to execute and deliver this Financing Agreement, the Indenture and the Tax Certificate, and this Financing Agreement, the Indenture and the Tax Certificate have been duly executed and delivered by the Issuer and are valid and binding obligations of the Issuer enforceable in accordance with their terms.

(b) **Pledge.** The Bonds are to be issued and secured by the Indenture, pursuant to which certain of the Issuer’s interests in this Financing Agreement and the Indenture, except for the Reserved Rights, and the revenues and income to be derived by the Issuer pursuant to this Financing Agreement and the Indenture, will be pledged and assigned to the Trustee as security for payment of the principal, premium, if any, and interest on the

Bonds. The Issuer covenants that it has not and will not pledge or assign its interest in the Indenture or this Financing Agreement, or the revenues and income derived pursuant to this Financing Agreement or the Indenture, excepting the Reserved Rights of the Issuer, other than to the Trustee under the Indenture to secure the Bonds. The Issuer will comply with all provisions of the Act (and the rules promulgated thereunder) applicable to the Bonds and the transactions contemplated by this Financing Agreement and the Indenture.

(c) ***Conflicts.*** To the best knowledge of the Issuer, neither the execution and delivery of this Financing Agreement, the Indenture, the Regulatory Agreement and the Tax Certificate, the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the terms and conditions of this Financing Agreement, the Indenture or the Tax Certificate conflicts with or results in a breach of the terms, conditions or provisions of any material restriction, agreement or instrument to which the Issuer is a party, or by which it or any of its property is bound, or constitutes a default under any of the foregoing.

(d) ***Certain Representations of the Issuer.*** It is expressly acknowledged that the Issuer makes no representation as to the financial position or business condition of the Borrower and does not represent or warrant as to any of the statements, materials (financial or otherwise), representations or certifications furnished or to be made and furnished by the Borrower in connection with the issuance, sale, execution and delivery of the Bonds, or as to the correctness, completeness or accuracy of such statements.

(e) ***No Further Representations.*** No representations, warranties or covenants are made by the Issuer other than those expressly set forth herein. Without limitation of the foregoing, the Issuer does not make any warranty, either express or implied, that any conditions applicable to the delivery of the MBS will be satisfied, or that the proceeds of the loan under this Financing Agreement will be sufficient to pay all of the costs of the acquisition, construction and equipping of the Project. No representation is made as to compliance with any state securities or “blue sky” laws.

ARTICLE III

THE BONDS AND THE PROCEEDS THEREOF

Section 3.01. Issuance of Bonds. The Issuer has authorized the issuance of the Series B-1 Bonds in the aggregate principal amount of \$[_____] and the Series B-2 Bonds in the aggregate principal amount of \$[_____] 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, (iii) the making of the Construction Loan by the Construction Lender, and (iv) the making of the Permanent Loan on the Conversion Date. 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 B-2 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 B-2 Bonds in the manner and to the extent set forth in Section 3.07 of the Indenture and (b) 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 B-1 Bond Proceeds Fund Account and the Series B-1 Collateral Fund Account as provided in Sections 5.08 and 5.09 of the Indenture to secure the Series B-1 Bonds until the MBS Delivery Date and then to purchase the MBS. The Trustee shall apply the amounts deposited into the Series B-2 Bond Proceeds Fund Account and the Series B-2 Collateral Fund Account as provided in Sections 5.08 and 5.09 of the Indenture to secure the Series B-2 Bonds until the Initial Mandatory Tender Date and then to redeem the Series B-2 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 B-1 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. 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 B-1 Bond Loan Note and Series B-2 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 B-1 Bond Loan Note and Series B-2 Bond Loan Note, as applicable.

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.

Section 4.04. Obligations 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 District 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 Construction Loan Documents and the Permanent Loan Documents, the Borrower shall pay, without duplication, the following fees and expenses:

(a) 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), (ii) reimburse the Trustee for all out of-pocket expenses, fees, costs and other charges, including reasonable counsel fees, expenses 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 B-2 Bonds, to pay the Remarketing Expenses.

(b) The Ordinary Issuer Fees and Expenses, and 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.

(c) 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.

(d) 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 Costs of Issuance Deposit to be made to the Costs of Issuance Fund on the Closing Date pursuant to Sections 5.04 and 5.07 of the Indenture.

(g) 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 this Financing Agreement or the Indenture.

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 the making of any prepayment of the Bond Loan Notes 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 B-1 Bond Loan Note or the Mortgage Note results in revisions to the Permanent Loan Amortization Schedule, the Borrower shall direct the Lender to provide the revised Permanent Loan Amortization Schedule to the Trustee and the Borrower.

The Borrower shall provide no less than thirty (30) days' written notice to the California Debt Limit Allocation Committee and to the Issuer prior to the redemption of Bonds, in whole or in part, on the Conversion Date.

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 (but not as a condition to or as otherwise permitted under the Indenture), and to secure the Borrower's obligation to make payments on the Permanent Loan, 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. 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 shall be made only to pay any of the Project Costs.

Except as otherwise permitted under the Indenture, 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 requisition in the form attached hereto as Exhibit A, signed by the Borrower and the Construction Lender, 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 4.04 hereof. 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 of the payments or reimbursements requested. Proceeds of the

Bonds disbursed pursuant to the provisions of this Financing Agreement may only be used to pay the Project Costs or as otherwise permitted under the Indenture.

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).

Any money in the Bond Proceeds Fund remaining after the MBS Delivery Date shall be applied as provided in Section 5.11 of the Indenture.

Notwithstanding any provision of this Financing Agreement or any provision of the Indenture to the contrary, except as set forth in this paragraph, 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 B-1 Bonds or Series B-2 Bonds, as applicable; provided, however, the Trustee shall be permitted to transfer funds from the applicable account of the Bond Proceeds Fund to the applicable account of the Collateral Fund upon receipt of an opinion of Bond Counsel to the effect that such transfer shall not cause the interest on any of the Bonds to be or become includible in the gross income of the owners thereof for federal income tax purposes, provided further that, as a result of any such transfer, with respect to (i) the Series B-1 Bonds, the amount of Eligible Funds remaining on deposit in the Series B-1 Bond Proceeds Fund Account plus Eligible Funds on deposit in the Series B-1 Collateral Fund Account is at least equal to the then-Outstanding principal amount of the Series B-1 Bonds and (ii) the Series B-2 Bonds, the amount of Eligible Funds remaining on deposit in the Series B-2 Bond Proceeds Fund Account plus Eligible Funds on deposit in the Series B-2 Collateral Fund Account, plus scheduled investment earnings on Eligible Investments in such accounts, is at least equal to the then-Outstanding principal amount of the Series B-2 Bonds.

Section 4.09. Borrower's Obligations Upon Tender of Series B-2 Bonds. If the Series B-2 Bonds are not remarketed on any Mandatory Tender Date and a sufficient amount is not available in the Series B-2 Collateral Fund Account, the Series B-2 Negative Arbitrage Account of the Negative Arbitrage Account of the Revenue Fund and the Series B-2 Bond Proceeds Fund Account, as provided in Section 3.01(f) of the Indenture, for the purpose of paying the redemption price of such Series B-2 Bonds, the Borrower will cause to be paid to the Trustee by the Mandatory Tender Date, an amount equal to the amount by which the redemption price of the Series B-2 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, but shall not include costs, expenses, obligations or payments which are caused directly or indirectly by the actions or inactions of the Issuer, the Trustee, the Lender or Fannie Mae, 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 without the consent of the Lender 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 the proceeds of the Bonds will be applied to pay or to reimburse the Borrower for the payment of Project Costs and (i) at least ninety-five percent (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 twenty-five percent (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 Bonds 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 fifteen percent (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 one hundred percent (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 two percent (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 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 (other than the Rebate Fund) 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 agrees that it will give written direction to the Trustee to provide a notice of redemption as set forth in Section 3.02 of the Indenture, and that it will provide notice to the Remarketing Notice Parties of any remarketing of the Series B-2 Bonds pursuant to Section 3.07 of the Indenture.

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 Bond Loan Notes, Permanent Loan 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 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, 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, the Underwriter, Fannie Mae, 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 4.02 and 5.09 hereof shall be non-recourse to the Borrower and its partners. Sections 4.02 and 5.09 shall be recourse to the Borrower but non-recourse to the partners of the Borrower.

Section 5.12. Trust Indenture. 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.

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.

(a) Pursuant to the Indenture, the Issuer shall pledge, assign and transfer all of its right, title and interest in this Financing Agreement (other than the Reserved Rights of the Issuer), and the revenues, receipts and collections hereunder and thereunder, to the Trustee in the manner and to the extent provided in the Indenture as security for the payment of the principal of, premium, if any, and interest on the Bonds, and the parties hereby acknowledge that the covenants and agreements contained herein are for the benefit of the registered owners from time to time of the Bonds and may be enforced on their behalf by the Trustee. The Issuer shall execute and deliver from time to time, in addition to the instruments of assignment herein specifically provided for, such other and further instruments and documents as may be reasonably requested by the Trustee from time to time to further evidence, effect or perfect such pledge and assignment for the purposes contemplated in the Indenture.

(b) The Borrower hereby acknowledges and consents to the assignment and pledge (subject to the reservation by the Issuer of its Reserved Rights) by the Issuer to the Trustee in the manner and to the extent provided in the Indenture. The Borrower further

acknowledges and consents to the right of the Trustee to enforce all rights of the Issuer and the Bondholders assigned under the Indenture.

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 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 an assignment of leasehold interest 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. 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.

Section 9.07. Governing Law; Venue. This Financing Agreement shall be construed in accordance with and governed by the laws of the State applicable to contracts made and performed in the State. This Financing Agreement shall be enforceable in the State, and any action arising hereunder shall (unless waived by the Issuer in writing) be filed and maintained in the courts in San Francisco, California.

Section 9.08. Limited Liability of the Issuer.

(a) ***Reliance by Issuer on Facts or Certificates.*** The representations, covenants, agreements and warranties set forth in this Financing Agreement may be relied upon by the Issuer, the Trustee, Bond Counsel, the Borrower, or the Lender. In performing their duties and obligations under this Financing Agreement and under the Indenture, the Issuer and the Trustee may rely upon statements and certificates of the Borrower, upon certificates of tenants believed to be genuine and to have been executed by the proper person or persons, and upon audits of the books and records of the Borrower pertaining to occupancy of the Project. In addition, the Issuer and the Trustee 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 Issuer or the Trustee under this Financing Agreement and under the Issuer in good faith and in conformity with the opinion of such counsel. It is expressly understood and agreed by the parties to this Financing Agreement (other than the Issuer) 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, the Lender or the Borrower as to the existence of a fact or state of affairs required under this Financing Agreement to be noticed by the Issuer;

(ii) the Issuer shall not be under any obligation to perform any record keeping or to provide any legal service, it being understood that such services shall be performed or caused to be performed by the Trustee, the Lender, or the Borrower, as applicable; and

(iii) none of the provisions of this Financing Agreement shall require the Issuer or the Trustee to expend or risk its own funds (apart from the proceeds of Bonds issued under the Indenture) or otherwise endure financial liability in the performance of any of its duties or in the exercise of any of its rights under this Financing Agreement, unless it shall first have been adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred by taking any such action.

(b) ***Waiver of Personal Liability.*** Notwithstanding anything to the contrary herein or in any other instrument to the contrary, no recourse under or upon any obligation, covenant, or agreement or in the Bonds, or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any incorporator, member, director, commissioner, employee, agent or officer, as such, past, present, or future, of the Issuer, either directly or through the Issuer, or otherwise, for

the payment for or to the Issuer or any receiver thereof, or for or to the Bondholders, of any sum that may be due and unpaid by the Issuer upon the Bonds. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director, commissioner, employee, agent or officer, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the Bondholders, of any sum that may remain due and unpaid upon the Bonds, is hereby expressly waived and released as a condition of and consideration for the execution of this Financing Agreement and the issuance of the Bonds.

(c) ***Non-Liability of Issuer.*** Notwithstanding anything to the contrary herein or in any other instrument to the contrary, the Issuer shall not be obligated to pay the principal of, premium, if any, or interest on the Bonds, except from the Trust Estate and other money and assets received by the Trustee on behalf of the Issuer pursuant to this Financing Agreement. 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, 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.

(d) The Borrower hereby acknowledges that the Issuer's sole source of money to repay the Bonds will be provided by the payments made by the Borrower pursuant to this Financing Agreement, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal, premium (if any), and interest on the Bonds as the same shall become due (whether by maturity, prepayment, 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, 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.

(e) ***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.

(f) ***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 BORROWER. 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 OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT OR OTHERWISE.

Section 9.09. 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 9.10. Electronic Signatures. The parties agree that the electronic signature of a party to this Financing Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Financing Agreement. For purposes hereof: (a) “electronic signature” means a manually signed original signature that is then transmitted by electronic means; and (b) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a portable document format (“pdf”) or other replicating image attached to an electronic mail or internet message.

Section 9.11. Patriot Act. The Trustee hereby notifies all the parties hereto that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 the “Act”), it is required to obtain, verify and record information that identifies the other parties hereto, which information includes the name and address of the other parties hereto and other information that will allow the Trustee to identify the other parties hereto in accordance with the Act. In addition, changes to federal banking regulations require all U.S. financial institutions to collect information regarding the beneficial ownership of our legal entity customers. At account opening, and at times during the life of the account, the Borrower shall provide, upon request, identifying information for all natural persons who, directly or indirectly, own twenty percent (20%) or more of the equity interests in the legal entity. In certain situations, the Trustee may request identifying information below twenty percent (20%). The Trustee will also request identifying information for a controlling person, such as an executive officer or senior manager, or another individual who regularly performs similar functions.

Section 9.12. Capacity of the Trustee. The Trustee is entering into this Financing Agreement solely in its capacity as Trustee and shall be entitled to the rights, protections, limitations from liability and immunities afforded it as the Trustee under the Indenture. For the avoidance of doubt, subject to the terms of the Indenture, the Trustee will act upon receipt of direction as provided for in the Indenture. The Trustee shall be responsible only for the duties of the Trustee expressly set forth herein and in the Indenture.

[Remainder of page intentionally left blank]

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 _____
Daniel Adams, Director
Mayor's Office of Housing and Community
Development

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By _____
Deputy City Attorney

[Issuer's Signature Page to Sunnydale Block 9 Financing Agreement]

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By _____

Name: Andrew Fung

Title: Vice President

[Trustee's Signature Page to Sunnydale Block 9 Financing Agreement]

SUNNYDALE BLOCK 9 HOUSING PARTNERS,
L.P., a California limited partnership

By: Related/Sunnydale Block 9 Development Co.,
LLC, a California limited liability company, its
administrative general partner

By: _____
Name: Ann Silverberg
Title: President

By: Sunnydale Block 9 LLC, a California limited
liability company, its managing general partner

By: Mercy Housing Calwest, a California
nonprofit public benefit corporation, its
sole member and manager

By: _____
Name: Elizabeth Kuwada
Title: Vice President

[Borrower's Signature Page to Sunnydale Block 9 Financing Agreement]

EXHIBIT A

FORM OF REQUISITION

STATEMENT NO. _____ REQUESTING DISBURSEMENT OF FUNDS FROM BOND PROCEEDS FUND PURSUANT TO SECTION 4.05 OF THE FINANCING AGREEMENT

Pursuant to Section 4.05 of the Financing Agreement dated as of May 1, 2025 (the “Financing Agreement”) between City and County of San Francisco (the “Issuer”), Sunnydale Block 9 Housing Partners, L.P., a California limited partnership (the “Borrower”), and U.S. Bank Trust Company, National Association (the “Trustee”), the undersigned Authorized Borrower Representative hereby requests and authorizes the Trustee, as depository of the Bond Proceeds Fund created by the Trust Indenture dated as of May 1, 2025 (the “Indenture”), between the Issuer and the Trustee, to pay to [the Borrower] [to Wells Fargo Bank, National Association, as Construction Lender] [or to the person(s) listed on the Disbursement Schedule hereto as Schedule I] out of the money deposited in the Bond Proceeds Fund the aggregate sum of \$_____ [consisting of \$_____ from the Series B-1 Bond Proceeds fund Account][and][consisting of \$_____ from the Series B-2 Bond Proceeds Fund Account] 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 Borrower 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 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, 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.

Dated this _____ day of _____, 20__.

SUNNYDALE BLOCK 9 HOUSING PARTNERS,
L.P., a California limited partnership

By: Related/Sunnydale Block 9 Development Co.,
LLC, a California limited liability company, its
administrative general partner

By: _____
Name: Ann Silverberg
Title: President

By: Sunnydale Block 9 LLC, a California limited
liability company, its managing general partner

By: Mercy Housing Calwest, a California
nonprofit public benefit corporation, its
sole member and manager

By: _____
Name: Elizabeth Kuwada
Title: Vice President

APPROVED:

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Construction Lender

By _____
Name _____
Title _____

SCHEDULE I
DISBURSEMENT SCHEDULE

Series B-1 Bond Proceeds Fund Account

Payee	Amount	Purpose

Series B-2 Bond Proceeds Fund Account

Payee	Amount	Purpose

EXHIBIT B-1

FORM OF SERIES B-1 BOND LOAN NOTE

\$[_____]

May [___], 2025

FOR VALUE RECEIVED, SUNNYDALE BLOCK 9 HOUSING PARTNERS, L.P., a California limited partnership (the “Borrower”), promises to pay to the CITY AND COUNTY OF SAN FRANCISCO (the “Issuer”), or its order, the principal sum of [_____] (\$[_____]), 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 May 1, 2025 (the “Indenture”), between the Issuer and U.S. Bank Trust Company, National Association, as trustee thereunder (the “Trustee”).

Borrower promises to pay to the Issuer the principal sum of this Note, together with interest at [_____] PERCENT ([___]%) per annum, and all assessments, taxes and premiums as follows:

One (1) Business Day preceding each 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 “Maturity Date”), shall be due and payable on the date on which the final payment is due with respect to the MBS.

(b) Payments made by the Trustee to the holders of the Series B-1 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 ten (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 five percent (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 limited partnership within the meaning set forth in the California Corporations Code, Title 2, Chapter 4.5, as amended (the "California Uniform Partnership Act of 2008"), and further represents and warrants that the obligation evidenced by this Note was incurred solely for the purpose of carrying on or acquiring a business or commercial enterprise within the meaning of the California Uniform Limited Partnership Act of 2008.

(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 B-1 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.

(j) This Note shall be deemed paid if and when the Conversion Date occurs. On the Conversion Date, this Note shall terminate and no longer be of any force or effect, and thereafter be replaced by the Permanent Loan.

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.

SUNNYDALE BLOCK 9 HOUSING PARTNERS,
L.P., a California limited partnership

By: Related/Sunnydale Block 9 Development Co.,
LLC, a California limited liability company, its
administrative general partner

By: _____
Name: Ann Silverberg
Title: President

By: Sunnydale Block 9 LLC, a California limited
liability company, its managing general partner

By: Mercy Housing Calwest, a California
nonprofit public benefit corporation, its
sole member and manager

By: _____
Name: Elizabeth Kuwada
Title: Vice President

PAY TO THE ORDER OF U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, AS
TRUSTEE UNDER THAT CERTAIN INDENTURE OF TRUST DATED AS OF MAY 1, 2025.

WITHOUT RECOURSE OR WARRANTY

CITY AND COUNTY OF SAN FRANCISCO,
as Issuer

By _____
Daniel Lurie
Mayor

EXHIBIT B-2

FORM OF SERIES B-2 BOND LOAN NOTE

\$[_____]

May [___], 2025

SUNNYDALE BLOCK 9 HOUSING PARTNERS, L.P., a California limited partnership (the “Borrower”), for value received, promises to pay in installments CITY AND COUNTY OF SAN FRANCISCO (the “Issuer”), the principal amount of

[_____] (\$[_____])

and to pay interest on the unpaid balance of such principal sum from and after the date hereof at the rate of [_____] percent ([___]%) 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 [_____] (the “Maturity Date”). Interest shall be calculated on the basis of a three hundred sixty (360)-day year of twelve (12) equal months. Interest on this Note shall be paid in Federal Reserve funds on (a) the first (1st) day of the month following the month in which the Closing Date occurs and the first (1st) day of each month thereafter, or the next succeeding Business Day if such first (1st) day is not a Business Day (b) each Mandatory Redemption Date described in the Indenture, (c) each Mandatory Tender Date, (d) the Bond Maturity Date of the Series B-2 Bonds and (e) the date of acceleration of the Series B-2 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 Issuer, pursuant to a certain Financing Agreement dated as of May 1, 2025 (the “Financing Agreement”), between 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 \$[_____] City and County of San Francisco Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured) (Sunnydale HOPE SF Block 9) Series 2025B-2 (the “Series B-2 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 B-2 Bonds as and when due. The Series B-2 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 May 1, 2025 (the “Indenture”), between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”).

To provide funds to pay the principal of and interest on the Series B-2 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 B-2 Bonds payable on such Payment Date. In addition, to provide funds to pay the principal and interest due on the Series B-2 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 B-2 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 B-2 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 B-2 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 B-2 Subaccount of the Bond Proceeds Fund or the Series B-2 Subaccount of the Collateral Fund to the Series B-2 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 B-2 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 B-2 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 B-2 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.

SUNNYDALE BLOCK 9 HOUSING PARTNERS,
L.P., a California limited partnership

By: Related/Sunnydale Block 9 Development Co.,
LLC, a California limited liability company, its
administrative general partner

By: _____
Name: Ann Silverberg
Title: President

By: Sunnydale Block 9 LLC, a California limited
liability company, its managing general partner

By: Mercy Housing Calwest, a California
nonprofit public benefit corporation, its
sole member and manager

By: _____
Name: Elizabeth Kuwada
Title: Vice President

PAY TO THE ORDER OF U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, AS
TRUSTEE UNDER THAT CERTAIN INDENTURE OF TRUST DATED AS OF MAY 1, 2025.

WITHOUT RECOURSE OR WARRANTY

CITY AND COUNTY OF SAN FRANCISCO,
as Issuer

By _____
Daniel Lurie
Mayor

PRELIMINARY OFFICIAL STATEMENT DATED MAY [], 2025

NEW ISSUE - BOOK ENTRY ONLY

See “RATING” herein

In the opinions of Kutak Rock LLP, Omaha, Nebraska, and Amira Jackmon, Attorney at Law, Berkeley, California, Co-Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, (a) interest on the Bonds is excludable from gross income for federal income tax purposes, except for interest on any Bond for any period during which such Bond is held by a “substantial user” of the facilities financed by the Bonds or a “related person” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended and (b) interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations. Co-Bond Counsel is also of the opinion that, under existing State of California statutes, interest on the Bonds is exempt from State of California personal income taxation. For a more detailed description of such opinions of Co-Bond Counsel, see “TAX MATTERS” herein and the forms of Opinion of Co-Bond Counsel attached hereto as Appendix I-1 and Appendix I-2, respectively.

[\$[PAR AMOUNT B-1]*

**City and County of San Francisco
Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured)
(Sunnydale HOPE SF Block 9) Series 2025B-1**

Dated Date: May [], 2025*; Initial Offering Price: ____%*

Interest Rate: ____%; CUSIP: _____

Bond Maturity Date: [] 1, 20 ____*

Rating: Moody’s “[]”

[\$[PAR AMOUNT B-2]*

**City and County of San Francisco
Multifamily Housing Revenue Bonds
(Sunnydale HOPE SF Block 9) Series 2025B-2**

Dated Date: May [], 2025*; Initial Offering Price: ____%*

Initial Interest Rate: ____%; CUSIP: _____

Initial Mandatory Tender Date: [], 20[]

Bond Maturity Date: [] 1, 20 ____*

Rating: Moody’s “[]”/“[]”

This cover page contains certain information for general reference only. It is not intended to be a summary of the security for or the terms of the Bonds. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The [\$[PAR AMOUNT B-1]* City and County of San Francisco Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured) (Sunnydale HOPE SF Block 9) Series 2025B-1 (the “Series B-1 Bonds”) and the [\$[PAR AMOUNT B-2]* City and County of San Francisco Multifamily Housing Revenue Bonds (Sunnydale HOPE SF Block 9) Series 2025B-2 (the “Series B-2 Bonds,” and together with the Series B-1 Bonds, the “Bonds”) will be issued under and pursuant to an Indenture of Trust, dated as of May 1, 2025 (the “Indenture”), between the City and County of San Francisco (the “Issuer”) and U.S. Bank Trust Company, National Association, as trustee (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 of 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 B-1 Bonds, \$5,000 or any integral multiple of \$1,000 in excess thereof and (ii) with respect to the Series B-2 Bonds, \$5,000, or any integral multiple of \$1,000 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 “APPENDIX F - BOOK-ENTRY SYSTEM” herein.

The Bonds will be issued to provide funding to Sunnydale Block 9 Housing Partners, L.P., a California limited partnership (the “Borrower”), to enable the Borrower to pay a portion of the cost of acquiring, constructing and equipping a low income and very low income multifamily rental housing facility. Pursuant to the Indenture and the Financing Agreement, dated as of May 1, 2025 (the “Financing Agreement”), by and among the Issuer, the Trustee, and the Borrower, the Borrower will cause, over time, Eligible Funds, including proceeds of the Construction Loan (as defined below) to be delivered to the Trustee for deposit into the Collateral Fund established under the Indenture, in order to make the Bond proceeds available to the Borrower to pay costs of the Project. It is anticipated that, prior to the delivery of the MBS (as defined below), the Series B-1 Bonds will be secured by, and the principal of and interest thereon will be paid from, amounts on deposit in the Series B-1 Revenue Fund Account, the Series B-1 Bond Proceeds Fund Account and the Series B-1 Collateral Fund Account along with the investment earnings thereon. At all times, the Series B-2 Bonds will be secured by Eligible Investments or other Eligible Funds in the Series B-2 Revenue Fund Account, the Series B-2 Bond Proceeds Fund Account and the Series B-2 Collateral Fund Account along with the investment earnings thereon sufficient, together with interest earnings thereon (without the need for reinvestment), to pay all of the interest and principal on the Series B-2 Bonds when due, as further described herein. See “SECURITY FOR AND SOURCES OF PAYMENT FOR THE BONDS” herein.



The Borrower has obtained a construction loan (the “Construction Loan”) from Wells Fargo Bank, National Association, a national banking association (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 Bond proceeds to pay costs of the Project. On the Conversion Date (as defined herein), the Construction Loan is expected to be repaid with the proceeds of the Permanent Loan (as defined herein) and Tax Credit Equity (as defined herein). The Borrower has also received a Lender Commitment, dated as of [], 2025 (the “Permanent Lender Commitment”) from Wells Fargo Bank, National Association, a national banking association (the “Permanent Lender”), which has agreed to originate a Permanent Loan (as defined herein) upon and subject to satisfaction of certain conditions set forth in the Permanent Lender Commitment. 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 B-1 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 B-1 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 B-1 Bonds, then the Eligible Funds in the Series B-1 Collateral Fund Account will be used to redeem the Series B-1 Bonds as set forth herein.

The Series B-2 Bonds are subject to mandatory tender (with no right of retention) for purchase, subject to satisfaction of the applicable terms and conditions set forth in the Indenture, on the Initial Mandatory Tender Date. See “DESCRIPTION OF THE BONDS – Mandatory Tender of Series B-2 Bonds” herein. All Bondholders of the Series B-2 Bonds must tender their Series B-2 Bonds for purchase on the Initial Mandatory Tender Date. The Series B-2 Bonds may be remarketed and a new interest rate for the Series B-2 Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture. **If the Series B-2 Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Series B-2 Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Series B-2 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 B-1 Bonds are also subject to mandatory redemption in whole or in part, and the Series B-2 Bonds are subject to optional redemption or retirement in whole, as further described herein. See “DESCRIPTION OF THE BONDS– Redemption or Retirement of Bonds” herein.

The aggregate principal amount, aggregate face amount (if different), maturity date, interest rate and delivery date for the Bonds shall be as set forth above and in the Indenture, and, with respect to the Series B-1 Bonds shall be described, together with the initial reoffering price, if applicable, in the Term Sheet attached as Appendix H hereto, delivered by the Issuer in connection with the sale of the Bonds.

* Preliminary, subject to change.

The MBS is expected to be delivered by the MBS Delivery Date, initially defined as [____], 20[____]*. Prior to, and following the MBS Delivery Date, principal, if due, and interest on the Series B-1 Bonds will be payable (i) semiannually on each [____] 1 and [____] 1, or the next succeeding Business Day if such 1st day is not a Business Day, commencing [____] 1, 20[____], (ii) on the stated maturity date for any of the Series B-1 Bonds or (iii) any earlier date of redemption of any of the Series B-1 Bonds.

The Series B-2 Bonds shall bear interest on the outstanding principal amount thereof at the applicable Initial Interest Rate set forth above from their date of issuance to but not including the Initial Mandatory Tender Date set forth above, payable semiannually on each [____] 1 and [____] 1, or the next succeeding Business Day if such 1st day is not a Business Day, commencing [____] 1, 20[____].

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE. NONE OF THE ISSUER, THE STATE OF CALIFORNIA (THE "STATE") OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER TO THE LIMITED EXTENT AUTHORIZED BY THE ACT AND 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, NOTWITHSTANDING ANYTHING IN THE INDENTURE OR IN ANY OTHER INSTRUMENT TO THE CONTRARY, NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS THEREUNDER SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE ISSUER, ANY PUBLIC AGENCY OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, PURCHASE PRICE OF OR INTEREST ON THE BONDS, NOR IS THE STATE, THE ISSUER, ANY PUBLIC AGENCY OR ANY POLITICAL SUBDIVISION OF THE STATE, IN ANY MANNER OBLIGATED TO MAKE ANY APPROPRIATION FOR SUCH PAYMENT.

*The Bonds are offered when, as and if received by Wells Fargo Bank, National Association (the "Underwriter"), subject to the approval of legality by Kutak Rock LLP, Omaha, Nebraska, and Amira Jackmon, Attorney at Law, Berkeley, California, Co-Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Issuer by the City Attorney and by Hawkins Delafield & Wood LLP, San Francisco, California, Disclosure Counsel to the City, for the Borrower by its co-counsel, Gubb and Barshay, LLP, San Francisco, California, and Bocarsly Emden Cowan Esmail & Arndt LLP, Los Angeles, California, and for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C. It is expected that the Bonds will be available in book-entry form through the facilities of DTC in New York, New York on or about May [____], 2025.**

Wells Fargo Securities

Dated: May __, 2025

No dealer, broker, salesman or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations 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, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The Issuer has not and does not assume any responsibility as to the accuracy or completeness of the information in this Official Statement, other than the information concerning the Issuer under the caption "THE ISSUER" and "NO LITIGATION – The Issuer." The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made under the Indenture shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

Prospective purchasers must read this entire Official Statement (including the cover page and all appendices 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. Neither the Issuer nor the Underwriter has been able to verify the accuracy or completeness of the information contained in web site addresses set forth in this Official Statement or to verify that such information is accurate and complete as of the date of this Official Statement. Investors reviewing such information must rely on the providers of such information for its accuracy and completeness in making any investment decisions regarding the Bonds. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

The information set forth herein has been obtained from the Borrower, the Issuer and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by 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 made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borrower or the Issuer or any other parties described herein since the date as of which such information is presented.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Bonds offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriter has provided the following sentence for inclusion in this Official Statement. 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 laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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.

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission (the "Commission") or with any state securities agency. The Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

CUSIP data herein are provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the holders of the Bonds. The Issuer is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions.

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APPENDIX I-2	PROPOSED FORM OF OPINION OF CO BOND COUNSEL (AMIRA JACKMON, ATTORNEY AT LAW)

OFFICIAL STATEMENT

relating to

**\$(PAR AMOUNT B-1)*
City and County of San Francisco
Multifamily Housing Revenue Bonds
(Fannie Mae MBS-Secured)
(Sunnydale HOPE SF Block 9)
Series 2025B-1**

**\$(PAR AMOUNT B-2)*
City and County of San Francisco
Multifamily Housing Revenue Bonds
(Sunnydale HOPE SF Block 9)
Series 2025B-2**

INTRODUCTION

This Official Statement (which includes the cover page and appendices hereto) provides certain information in connection with the issuance and sale of the \$(PAR AMOUNT B-1)* City and County of San Francisco Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured) (Sunnydale HOPE SF Block 9) Series 2025B-1 (the “Series B-1 Bonds”) and the \$(PAR AMOUNT B-2)* City and County of San Francisco Multifamily Housing Revenue Bonds (Sunnydale HOPE SF Block 9) Series 2025B-2 (the “Series B-2 Bonds,” and together with the Series B-1 Bonds, the “Bonds”) issued by the City and County of San Francisco (the “Issuer” or the “City”). The Bonds will be issued pursuant to the provisions of and in accordance with the Charter of the City and County of San Francisco (the “Charter”), Article I of Chapter 43 of the Administrative Code of the City and County of San Francisco Municipal Code and Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as amended (the “Act”), and that certain Resolution No. [____], adopted by the Board of Supervisors of the City on April [____], 2025 and approved by the Mayor of the City on [____], 2025 (“Resolution”). The Bonds will be secured by an Indenture of Trust, dated as of May 1, 2025 (the “Indenture”), between the Issuer and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). Pursuant to the Indenture and the Financing Agreement, dated as of May 1, 2025 (the “Financing Agreement”), among the Issuer, the Trustee, and Sunnydale Block 9 Housing Partners, L.P., a California limited partnership (the “Borrower”), the Issuer is issuing the Bonds for the acquisition, construction, equipping and financing for a certain low income and very low income multifamily rental housing facility known as Sunnydale HOPE SF Block 9 (the “Project”) in San Francisco, California (the “State”), as further described in the Term Sheet attached as Appendix H to this Official Statement (the “Term Sheet”), by using the proceeds thereof to provide financing for the Project and, with respect to the Series B-1 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 defined in the Indenture shall have the respective meanings set forth in the Indenture. See “APPENDIX B — DEFINITIONS OF CERTAIN TERMS.” This Introduction is designed to give an overview of the transactions and serve as a guide to the contents of this Official Statement.

The Issuer, the Borrower and Wells Fargo Bank, National Association (the “Underwriter”) have entered into a Bond Purchase Agreement (the “Bond Purchase Agreement”), pursuant to which the Issuer will agree to sell the Bonds to the Underwriter. The transaction entered into under the Bond Purchase Agreement will provide for the issuance and sale to the Underwriter of the Bonds in a specified principal amount, with a specified interest rate, on a specified date and at a specified price. The delivery of the Bonds is subject to the satisfaction of a number of conditions set forth in the Bond Purchase Agreement.

Prior to the date of delivery by Fannie Mae of the MBS (the “MBS Delivery Date”), the Series B-1 Bonds will be secured by (i) the proceeds of the Series B-1 Bonds delivered to the Trustee and deposited into the Series B-1 Bond Proceeds Fund Account established under the Indenture, (ii) Eligible Funds, delivered to the Trustee and deposited into the Series B-1 Revenue Fund Account established under the Indenture, in an amount equal to the interest on the Series B-1 Bonds at the interest rate set forth on the cover page hereof (the

* Preliminary, subject to change.

“Series B-1 Bond 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 B-1 Collateral Fund Account established under the Indenture. Prior to the date of delivery by Fannie Mae of the MBS (the “MBS Delivery Date”), the principal of, premium, if any, and interest on the Series B-1 Bonds will be paid from amounts on deposit in the Series B-1 Revenue Fund Account, the Series B-1 Collateral Fund Account and the Series B-1 Bond Proceeds Fund Account along with the investment earnings thereon. Following the MBS Delivery Date, the Series B-1 Bonds will be secured by, and the principal of and interest thereon will be paid from, payments made on the MBS. See “SECURITY FOR AND SOURCES OF PAYMENT FOR THE BONDS” herein.

At all times, the Series B-2 Bonds will be secured by Eligible Investments or other Eligible Funds in the Series B-2 Revenue Fund Account, the Series B-2 Bond Proceeds Fund Account and the Series B-2 Collateral Fund Account along with the investment earnings thereon sufficient, together with interest earnings thereon (without the need for reinvestment), to pay all of the interest and principal on the Series B-2 Bonds when due at the earlier of any Redemption Date or any Mandatory Tender Date, as further described herein and in the Indenture. See “SECURITY FOR AND SOURCES OF PAYMENT FOR THE BONDS” herein.

The Borrower has obtained a construction loan in the amount of up to \$[_____] (the “Construction Loan”) from Wells Fargo Bank, National Association, a national banking association (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 with the proceeds of the Permanent Loan and Tax Credit Equity (as defined herein). The Borrower has also received a commitment, dated as of [____], 20[___] (the “Permanent Lender Commitment”) from Wells Fargo Bank, National Association, a national banking association (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” herein. In the event the Permanent Loan is originated, the Trustee will use Eligible Funds on deposit under the Indenture, including in the Series B-1 Bond Proceeds Fund Account and the Series B-1 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 B-1 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 and does not extend to the benefit of any other third party, including the beneficial owners of the Series B-1 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, or is delivered in an amount less than the full principal amount of the Series B-1 Bonds, then Eligible Funds in the Series B-1 Collateral Fund Account and funds then on deposit in the Series B-1 Bond Proceeds Fund Account will be used to redeem the Series B-1 Bonds as set forth in the Indenture. The Series B-1 Bonds are also subject to mandatory redemption in whole or in part as further described herein. See “DESCRIPTION OF THE BONDS — Redemption or Retirement of Bonds.”

[On or after the Conversion Date, the Borrower, the Permanent Lender and Fannie Mae, collectively, have the ability to increase the amount of debt on the Project to exceed the outstanding principal amount of the Series B-1 Bonds. Although such additional debt is not guaranteed to be either supportable by the Project or

* Preliminary, subject to change.

approved by the Permanent Lender or Fannie Mae, any security instrument issued in connection therewith will not relate to or serve as additional security for the Series B-1 Bonds.] *[to be confirmed]*

The Series B-2 Bonds are subject to mandatory tender for purchase (with no right of retention), subject to satisfaction of the applicable terms and conditions set forth in the Indenture, on the Initial Mandatory Tender Date (as defined below). All holders of the Series B-2 Bonds must tender their Series B-2 Bonds for purchase on the Initial Mandatory Tender Date. A new interest rate for the Series B-2 Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture. If the Series B-2 Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Series B-2 Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Series B-2 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 B-2 Bonds are also subject to optional and mandatory redemption or retirement prior to maturity as set forth herein. See “DESCRIPTION OF THE BONDS —Redemption or Retirement of Bonds.”

The Series B-1 Bonds shall bear interest on the outstanding principal amount thereof at the Series B-1 Bond Rate. Prior to, and following the MBS Delivery Date, principal, if due, and interest on the Series B-1 Bonds will be payable (i) semiannually on each [_____] 1 and [_____] 1, or the next succeeding Business Day if such 1st day is not a Business Day, commencing [_____] 1, 20[____], (ii) on the stated maturity date for any of the Series B-1 Bonds or (iii) any earlier date of redemption or retirement of any of the Series B-1 Bonds.

Following delivery of the MBS, MBS payments will be made monthly, on the 25th of each month, or if not a Business Day, the following Business Day. Fannie Mae’s role with respect to the Series B-1 Bonds is limited to issuing and discharging its obligations under the MBS if and when delivered. Fannie Mae has no responsibility for the structuring and timing of Bond payments from MBS Revenues.

The Series B-2 Bonds shall bear interest on the outstanding principal amount thereof at the Initial Series B-2 Bond Rate from their date of issuance to but not including, [_____] 1, 20[____] (the “Initial Mandatory Tender Date”), payable on each [_____] 1 and [_____] 1, beginning [_____] 1, 20[____] (each a “Series B-2 Bond Payment Date”) and on each Mandatory Tender Date and each Mandatory Redemption Date.

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 and secured by the pledge pursuant to the Indenture of the Trust Estate, consisting of funds pledged therefor under the Indenture and, with respect to the Series B-1 Bonds, revenues from the MBS (the “MBS Revenues”). See “SECURITY FOR AND SOURCES OF PAYMENT FOR THE BONDS.”

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE. NONE OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER TO THE LIMITED EXTENT AUTHORIZED BY THE ACT AND 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, NOTWITHSTANDING ANYTHING IN THE INDENTURE OR IN ANY OTHER INSTRUMENT TO THE CONTRARY, NONE OF THE BONDS OR ANY OF THE ISSUER’S AGREEMENTS OR OBLIGATIONS THEREUNDER SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE ISSUER, ANY PUBLIC AGENCY OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, PURCHASE PRICE OF OR INTEREST ON THE BONDS, NOR IS THE STATE, THE ISSUER, ANY PUBLIC AGENCY OR ANY POLITICAL SUBDIVISION OF THE STATE, IN ANY MANNER OBLIGATED TO MAKE ANY APPROPRIATION FOR SUCH PAYMENT.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. 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 B-1 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 and the Financing Agreement 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 (the “MSRB”). For a description of the Borrower’s undertaking with respect to ongoing disclosure, see “CONTINUING DISCLOSURE” herein.

THE ISSUER

The following information has been provided by the Issuer for use herein. While the information is believed to be reliable, none of the Trustee, the Borrower, the Underwriter, the Permanent Lender, Fannie Mae nor any of their respective counsel, members, officers or employees makes any representations as to the accuracy or sufficiency of such information.

The Issuer is a municipal corporation and chartered city and county of the State, organized and existing under and pursuant to its Charter and the Constitution and laws of the State. The Issuer 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.

EXCEPT FOR THE INFORMATION CONTAINED UNDER THIS CAPTION AND “NO LITIGATION – THE ISSUER” HEREIN (AS SUCH INFORMATION THEREUNDER PERTAINS TO THE ISSUER), THE ISSUER HAS NOT PARTICIPATED IN THE PREPARATION OF THIS OFFICIAL STATEMENT, HAS MADE NO INDEPENDENT INVESTIGATION WITH RESPECT TO INFORMATION CONTAINED HEREIN AND ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OR SUFFICIENCY OF DISCLOSURES OR COMPLETENESS OF SUCH INFORMATION OR ANY OTHER INFORMATION PROVIDED BY THE TRUSTEE, THE BORROWER, THE UNDERWRITER, THE LENDER, FANNIE MAE OR ANY OTHER PERSON.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE. NONE OF THE ISSUER, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER TO THE LIMITED EXTENT AUTHORIZED BY THE ACT AND 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, NOTWITHSTANDING ANYTHING IN THE INDENTURE OR IN ANY OTHER INSTRUMENT TO THE CONTRARY, NONE OF THE BONDS OR ANY OF THE ISSUER’S AGREEMENTS OR OBLIGATIONS THEREUNDER SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND

CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE ISSUER, ANY PUBLIC AGENCY OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, PURCHASE PRICE OF OR INTEREST ON THE BONDS, NOR IS THE STATE, THE ISSUER, ANY PUBLIC AGENCY OR ANY POLITICAL SUBDIVISION OF THE STATE, IN ANY MANNER OBLIGATED TO MAKE ANY APPROPRIATION FOR SUCH PAYMENT.

DESCRIPTION OF THE BONDS

General

The Series B-1 Bonds will be issued in the denominations of \$5,000 or any integral multiple of \$1,000 in excess thereof. The Series B-2 Bonds will be issued in the denominations of \$5,000 or any integral multiple of \$1,000 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 bonds representing their interest in the Bonds purchased. See “APPENDIX F — BOOK-ENTRY SYSTEM.”

The Series B-1 Bonds will be dated and have a final maturity date and a final payment date on the respective date(s) identified in the Term Sheet and on the cover page hereof. The Series B-1 Bonds will bear interest from their dated date at the Series B-1 Bond Rate. Interest on the Series B-1 Bonds shall be computed on the basis of a 360-day year under the assumption that all months, regardless of length, consist of exactly 30 calendar days (“30/360”). The payment of interest on each Series B-1 Bond Payment Date shall be in an amount equal to the interest accrued during the preceding six (6) calendar months; provided that the payment of interest on the Initial Payment Date shall relate to the interest accrued from the Bond Dated Date to and including the calendar day immediately preceding the Initial Payment Date.

Prior to the MBS Delivery Date, the Trustee will pay to the holders of the Series B-1 Bonds all payments of interest funds held in the Revenue Fund under the Indenture. Following the MBS Delivery Date, the Trustee will pay to the holders of the Series B-1 Bonds, from the applicable account of Revenue Fund, the amounts listed in the applicable maturity, sinking fund and interest payment schedule set forth in the Indenture. All payments of principal and interest shall be made to the Bondholder of record as of the applicable Record Date.

The Series B-2 Bonds shall be dated their date of delivery and shall bear interest at the Initial Series B-2 Bond Rate, set forth on the cover page hereof, from their date of delivery, to but not including the Initial Mandatory Tender Date, payable on each Series B-2 Bond Payment Date, commencing [_____] 1, 20[___], on each Mandatory Tender Date and on each date the Series B-2 Bonds are subject to redemption or retirement pursuant to the Indenture. Interest on the Series B-2 Bonds shall be computed on the basis of 30/360. The payment of interest on a Series B-2 Bond Payment Date shall be in an amount equal to the interest accrued during the Interest Period ending on the day preceding such Series B-2 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 “APPENDIX F — BOOK-ENTRY 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 “APPENDIX F — BOOK-ENTRY SYSTEM.” If DTC were to terminate its status as securities depository for the Bonds and, as a result, the Bonds were no longer book-entry securities, no transfer of a Bond will be made unless made upon the records of the Issuer kept for that purpose at the corporate trust office of the Trustee, by the registered owner of the Bond or by its attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee. Upon the transfer of any such Bond, the Issuer shall issue and the Trustee shall authenticate and deliver to and in the name of the transferee a new fully registered Bond, of the same series, aggregate principal amount, interest rate, maturity and other terms as the surrendered Bond.

At all times, the Issuer and the Trustee may deem and treat the person in whose name any Bond shall be registered upon the records of the Issuer as the absolute owner of such Bond, whether such Bond shall be a book-entry security or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Mandatory Tender of Series B-2 Bonds

All Outstanding Series B-2 Bonds shall be subject to mandatory tender (with no right of retention) by the holders thereof for purchase in whole and not in part on each Mandatory Tender Date. The purchase price for each such Series B-2 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 consist of (i) the Initial Mandatory Tender Date and (ii) any subsequent dates for a mandatory tender of the Series B-2 Bonds established by the Borrower with the consent of the Remarketing Agent in connection with a remarketing of the Series B-2 Bonds pursuant to the Indenture.

Notwithstanding anything in the Indenture to the contrary, any Series B-2 Bond tendered under this heading will not be purchased if such Series B-2 Bond matures or is redeemed on or prior to the applicable Mandatory Tender Date.

While tendered Series B-2 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 B-2 Bonds through the day preceding the applicable Mandatory Tender Date shall be paid as if such Series B-2 Bonds had not been tendered for purchase.

The Trustee shall utilize amounts representing proceeds of remarketed Series B-2 Bonds on deposit in the Remarketing Proceeds Account to pay the principal amount, plus accrued interest, of Series B-2 Bonds tendered for purchase not later than 11:30 a.m. Local Time on the Mandatory Tender Date.

In the event the Series B-2 Bonds must be redeemed or retired as a result of the occurrence of any of the events listed in “Series B-2 Bonds - Mandatory Redemption or Retirement for Failure to Remarket” hereof, the remarketing shall be cancelled and all Bonds outstanding on the Mandatory Tender Date shall be redeemed or retired in accordance with the terms described in “Series B-2 Bonds - Mandatory Redemption or Retirement for Failure to Remarket” hereof.

Series B-2 Bonds shall be deemed to have been tendered for purposes of this heading whether or not the holders thereof shall have delivered such undelivered Series B-2 Bonds to the Trustee, and subject to the right of the holders of such undelivered Bonds to receive the purchase price of such undelivered Series B-2 Bonds and interest accrued thereon to the Mandatory Tender Date, such undelivered Series B-2 Bonds shall be null and void. If such undelivered Series B-2 Bonds are to be remarketed, the Trustee shall authenticate and deliver new Series B-2 Bonds in replacement thereof pursuant to the remarketing of such undelivered Series B-2 Bonds.

Redemption or Retirement of Bonds*

The Bonds shall be subject to redemption or retirement prior to maturity as stated below. Any redemption in part shall be in Authorized Denominations. The Permanent Lender shall furnish the Trustee and the Issuer with a revised Permanent Loan Amortization Schedule in connection with any redemption in part of the Series B-1 Bonds.

Series B-1 Bonds — Mandatory Redemption Prior to MBS Delivery Date. On any Series B-1 Bond Payment Date that occurs prior to or during the month in which the MBS is delivered to the Trustee, the Series B-1 Bonds are subject to mandatory redemption in part in an amount equal to the amount due on the first day of the month in which such Series B-1 Bond Payment Date occurs as shown in the Permanent Loan Amortization Schedule, payable with respect to principal first, from money on deposit in the Series B-1 Collateral Fund Account and second, from money on deposit in the Series B-1 Bond Proceeds Fund Account, and with respect to interest, from money on deposit in the Series B-1 Revenue Fund Account.

Series B-1 Bonds — Mandatory Redemption Upon Failure to Convert or Failure to Purchase the MBS by the MBS Delivery Date Deadline. The Series B-1 Bonds are subject to mandatory redemption in whole five (5) calendar days after the MBS Delivery Date Deadline 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 Series B-1 Bond Payment Date occurred (or, if no Series B-1 Bond Payment Date has occurred, from the Bond Dated Date) to, but not including, such redemption date, if either the Conversion Date or 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 B-1 Collateral Fund Account and second, from money on deposit in the Series B-1 Bond Proceeds Fund Account, and with respect to premium, if any, and interest, from money on deposit in the Series B-1 Revenue Fund Account.

Series B-1 Bonds — Mandatory Redemption on the MBS Delivery Date. The Series B-1 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 B-1 Bonds to be redeemed, plus interest accrued but unpaid from the first day of the month in which the last Series B-1 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 B-1 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 B-1 Collateral Fund Account and second, from money on deposit in the Series B-1 Bond Proceeds Fund Account, and with respect to interest and premium, if any, from money on deposit in the Series B-1 Revenue Fund Account and other Eligible Funds.

Series B-1 Bonds — Mandatory Sinking Fund Redemption. The Series B-1 Bonds are subject to mandatory redemption on the respective dates set forth in the schedule below, at the Redemption Price equal to the principal amount thereof, plus accrued interest to, but not including, the redemption date.

* Preliminary, subject to change.

Sinking Fund Payment Date	Amount	Sinking Fund Payment Date	Amount
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Series B-1 Bonds – Mandatory Redemption Following Unscheduled Prepayment of the Permanent Loan. The Series B-1 Bonds are subject to mandatory redemption in whole or in part one Business Day after the date on which any unscheduled MBS principal payment or prepayment is received by the Trustee, at a Redemption Price equal to [100]% of the principal amount thereof, plus accrued interest and premium, if any, received pursuant to the MBS. Any scheduled principal payments made pursuant to the Permanent Loan Amortization Schedule shall be retained by the Trustee and used to make sinking fund payments as set forth under “DESCRIPTION OF THE BONDS—Redemption or Retirement of Bonds—Mandatory Sinking Fund Redemption,” above.

The Permanent Loan is subject to optional prepayment by the Borrower. Any yield maintenance or prepayment penalty in connection with the prepayment of the Permanent Loan that is received by the Trustee as holder of the MBS will be distributed to Bondholders, as applicable; however, no assurance can be given that all or any portion of such yield maintenance or prepayment penalty will be received by the Trustee as holder of the MBS.

Series B-2 Bonds — Mandatory Redemption or Retirement for Failure to Remarket. The Series B-2 Bonds are subject to mandatory redemption or retirement in whole at a redemption or retirement 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 B-2 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 B-2 Bonds being remarketed on such Mandatory Tender Date. Series B-2 Bonds subject to redemption or retirement in accordance with this paragraph shall be redeemed or retired from (i) amounts on deposit in the Series B-2 Collateral Fund Account, (ii) amounts on deposit in the Series B-2 Negative Arbitrage Subaccount of the Revenue Fund, (iii) amounts on deposit in the Series B-2 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 B-2 Bonds — Optional Redemption or Retirement of Series B-2 Bonds. The Series B-2 Bonds are subject to optional redemption or retirement, in whole but not in part, by the Issuer at the written direction of the Borrower on any date on or after the later to occur of (i) the date 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 from the Borrower confirming that the Project is placed in service for purposes of Section 42 of the Code and (ii) the Initial Mandatory Tender Date (the “Optional Redemption Date”) at a redemption or retirement price equal to one hundred percent (100%) of the principal amount of the Series B-2 Bonds plus accrued interest, but without premium, to the Optional Redemption Date. On and after the Initial Remarketing Date, the Borrower, in consultation with the Remarketing Agent, may establish an optional redemption or retirement date with respect to any subsequent Remarketing Period (which optional redemption or retirement date shall be (i) a Mandatory Tender Date, (ii) the date which is equivalent to fifty percent (50%) of the Remarketing Period, or (iii) a date for which there has been delivered an opinion of Bond Counsel to the effect that the establishment of such optional redemption or retirement date will not adversely affect the

exclusion from gross income for federal income tax purposes of interest on the Series B-2 Bonds) and, thereafter, the Series B-2 Bonds are subject to optional redemption or retirement in whole or in part by the Issuer at the written direction of the Borrower (with delivery of a Cash Flow Projection and written notice to the Trustee at least thirty (30) days prior to the proposed redemption or retirement date and, in the case of a redemption or retirement in part, specifying the principal amount of the Series B-2 Bonds to be redeemed or retired) on or after the applicable redemption or retirement date at a redemption or retirement price of one hundred percent (100%) of the principal amount of such Series B-2 Bonds to be redeemed or retired plus accrued interest to the applicable redemption or retirement date.

Selection of Bonds for Redemption. If less than all of the Series B-1 Bonds are redeemed pursuant to “Series B-1 Bonds – Mandatory Sinking Fund Redemption” above, the Series B-1 Bonds shall be redeemed in accordance with the respective schedules set forth in the Indenture. In the event the Series B-1 Bonds are redeemed in part other than pursuant to “Series B-1 Bonds – Mandatory Sinking Fund Redemption” above, the Series B-1 Bonds shall be redeemed ratably across all maturities and the scheduled principal payments on the Series B-1 Bonds to remain outstanding and the mandatory redemption requirements for each maturity described in the Indenture shall be adjusted so that the resulting debt service on the Series B-1 Bonds (including scheduled mandatory redemption payments) during each six-month period commencing on each Series B-1 Payment Date is proportional, as nearly as practicable, to the payments on the MBS during each such six-month period, without exceeding the amount available from MBS payments, and other available funds under the Indenture that may be used to pay debt service on the Bonds, during each such six-month period. All Series B-1 Bonds to be redeemed within the same maturity shall be selected ratably.

Except as otherwise described above, any Bond to be called for redemption shall be selected by the Trustee ratably, such selection to be made prior to the date on which notice of such redemption must be given and Bonds shall be redeemed as soon as practicable after an event causing a redemption shall have occurred. The Trustee shall have no liability for such selections made without gross negligence or willful misconduct.

If it is determined that less than all of the principal amount represented by any Bond is to be called for redemption, then, following notice of intention to redeem such principal amount, the holder thereof shall surrender such Bond to the Trustee on or before the applicable redemption date for (a) payment on the redemption date to such Bondholder of the Redemption Price of the amount called for redemption and (b) delivery to such Bondholder of a new Bond or Bonds of such Series in an aggregate principal amount equal to the unredeemed balance of such Bond. A new Bond representing the unredeemed balance of such Bond shall be issued to the registered owner thereof, without charge therefor. If the registered owner of any Bond selected for redemption shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the amount called for redemption (and to that extent only).

Notice of Redemption or Retirement

Anytime the Bonds are subject to redemption or retirement in whole or in part pursuant to the Indenture (except for a redemption described in “Series B-1 Bonds – Mandatory Redemption Prior to MBS Delivery Date”, “Series B-1 Bonds – Mandatory Sinking Fund Redemption”, or “Series B-1 Bonds – Mandatory Redemption Following Unscheduled Prepayment of the Permanent Loan” above), the Trustee, in accordance with the provisions of the Indenture, shall give at least five (5) calendar days’ notice (or such greater number of days as required by the Depository), in the name of the Issuer, at the written direction of the Issuer, upon written request of the Borrower, of the redemption of the Series B-1 Bonds and at least five (5) but not more than ten (10) calendar days’ notice (or such greater number of days as required by the Depository), in the name of the Issuer, at the written direction of the Issuer, as the written request of the Borrower, of the redemption or retirement of the Series B-2 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 or retired; (iii) the date of such notice; (iv) the issuance date for such Bonds; (v) the interest rate on the Bonds to be redeemed or retired; (vi) the redemption or retirement date; (vii) any conditions to the occurrence of the redemption or retirement;

(viii) the place or places where amounts due upon such redemption or retirement 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 or retirement 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 B-1 Bonds – Mandatory Redemption Upon Failure to Convert or Failure to Purchase the MBS by the MBS Delivery Date Deadline," above, may be rescinded and annulled on or before the redemption date set forth in such notice if (i) the MBS is delivered on or prior to such redemption date 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 or retirement. Notwithstanding anything in the Indenture to the contrary, no notice of redemption shall be required with respect to redemptions described in "Series B-1 Bonds – Mandatory Redemption Prior to MBS Delivery Date", "Series B-1 Bonds – Mandatory Sinking Fund Redemption", or "Series B-1 Bonds – Mandatory Redemption Following Unscheduled Prepayment of the Permanent Loan." With respect to a mandatory redemption or retirement pursuant to "Redemption or Retirement of Bonds — Series B-2 Bonds — Mandatory Redemption or Retirement for Failure to Remarket," above or an optional redemption or retirement of the Bonds on a Mandatory Tender Date, the notice of mandatory tender provided to Holders pursuant to the Indenture shall serve as the notice of redemption or retirement required by this section and shall satisfy the requirements of this section, and no further notice of redemption or retirement will be required to the Bondholders.

The Bonds to be redeemed or retired 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, written notice of such non-purchase to the Borrower, the Lender, the Issuer and the Underwriter.

Notices of optional redemption or retirement of the Series B-2 Bonds shall be revocable in the event that there is not on deposit with the Trustee prior to the date of redemption or retirement money sufficient to pay the redemption or retirement price of the Series B-2 Bonds to be redeemed or retired or, in the case of any redemption or retirement premium on the Series B-2 Bonds, there are not on deposit Eligible Funds sufficient to pay such redemption or retirement premium.

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

Payment of Redemption or Retirement Price

With respect to any redemption or retirement pursuant to the heading "Redemption" above, notice having been given in the manner provided in the heading "Notice of Redemption or Retirement" above (or not required to be given as a result of a redemption or retirement described in "Series B-1 Bonds – Mandatory Redemption Prior to MBS Delivery Date", "Series B-1 Bonds – Mandatory Sinking Fund Redemption", or "Series B-1 Bonds – Mandatory Redemption Following Unscheduled Prepayment of the Permanent Loan" above), and all conditions to the redemption or retirement contained in such notice, if applicable, having been met, the Bonds so called for redemption or retirement shall become due and payable on the redemption or retirement date so designated at the Redemption Price specified in the heading "Redemption or Retirement of Bonds" above, and (except in the case of a redemption described in "Series B-1 Bonds – Mandatory Redemption Prior to MBS Delivery Date", "Series B-1 Bonds – Mandatory Sinking Fund Redemption", or "Series B-1 Bonds – Mandatory Redemption Following Unscheduled Prepayment of the Permanent Loan"

above) 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 or retired Bonds shall be made in accordance with the Representation Letter of the Issuer. If, on the redemption or retirement date, moneys for the redemption or retirement of all of the Bonds to be redeemed or retired, together with all accrued interest on such Bonds, (which, with respect to the Series B-1 Bonds only, shall equal all interest accrued on the MBS) if delivered, to the redemption or retirement date, shall be held by the Trustee so as to be available therefor on said date and if notice of redemption or retirement shall have been given as aforesaid, then, from and after the redemption or retirement date, interest on the Bonds so called for redemption or retirement shall cease to accrue.

Extension of MBS Delivery Date Deadline

At any time prior to the MBS Delivery Date Deadline, the Borrower may extend the MBS Delivery Date Deadline by (i) providing to the Trustee, the Lender, the Rating Agency, the Issuer 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 B-1 Negative Arbitrage Subaccount of the 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 B-1 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 B-1 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 B-1 Bonds pursuant to the Indenture; provided, however, the MBS Delivery Date Deadline may not be extended 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 Co-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.

THE PERMANENT LOAN

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 [____], 20[____] (the "Initial Termination Date"), which date is subject to [____] [____]-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.] *[To be confirmed]*

If and when the Permanent Loan is originated, and the MBS is delivered, subject to (a) the conditions and requirements of the Permanent Lender Commitment and (b) the satisfaction of the conditions relating to the

financing, construction and leasing of the Project, the Indenture authorizes the Trustee to use Eligible Funds 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 B-1 Bonds. If the MBS is not delivered, then the Eligible Funds held under the Indenture will be used to redeem the Series B-1 Bonds as further described in the Indenture.

[On or after the Closing Date, the Borrower, the Permanent Lender and Fannie Mae, collectively, have the ability to increase the amount of debt on the Project to exceed the outstanding principal amount of the Series B-1 Bonds. Although such additional debt is not guaranteed to be either supportable by the Project or approved by the Permanent Lender or Fannie Mae, any security instrument issued in connection therewith will not relate to or serve as additional security for the Series B-1 Bonds.] *[To be confirmed]*

The Permanent Lender has undertaken to certify that the MBS 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 Leasehold Deed of Trust, 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.

MBS Payments

Following the MBS Delivery Date, if such date occurs, 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. See also “APPENDIX A — FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM.”

FANNIE MAE

The MBS, if issued by Fannie Mae and acquired by the Trustee as described herein, will be an obligation of Fannie Mae. **The securities of Fannie Mae, including the MBS, if issued, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than Fannie Mae.**

Information on Fannie Mae and its financial condition are contained in periodic reports that are filed with the Securities and Exchange Commission (the “SEC”). Fannie Mae’s SEC filings are available at the SEC’s website at www.sec.gov and are also available on Fannie Mae’s web site at <http://www.fanniemae.com> or from Fannie Mae at the Office of Investor Relations at 202-752-7115.

SECURITY FOR AND SOURCES OF PAYMENT FOR THE BONDS

In order to secure the payment of the principal of and interest on the Bonds, the Issuer has pledged to the Trust Estate for the Bonds, subject to terms and provisions of the Indenture, the following:

- (i) To (a) the Holders of the Series B-1 Bonds, all right, title and interest of the Issuer in and to the Series B-1 Bond Loan Note and (b) the Holders of the Series B-2 Bonds, all right, title and interest of the Issuer in and to the Series B-2 Bond Loan Note (except, in each case, the Reserved Rights of the Issuer) including all payments and proceeds with respect thereto or replacement thereof;
- (ii) To the Holders of the Series B-1 Bonds, all right, title and interest of the Issuer in and to amounts on deposit in the Series B-1 Bond Proceeds Fund Account to be funded at closing in an amount equal to the principal amount of the Series B-1 Bonds;
- (iii) To the Holders of the Series B-2 Bonds, all right, title and interest of the Issuer in and to amounts on deposit in the Series B-2 Bond Proceeds Fund Account (except the Remarketing Proceeds Account) to be funded at closing in an amount equal to the principal amount of the Series B-2 Bonds;
- (iv) To the Holders of the Series B-1 Bonds, all right, title and interest of the Issuer in and to amounts on deposit in the Series B-1 Collateral Fund Account, Series B-1 Revenue Fund Account and the Series B-1 Negative Arbitrage Subaccount;
- (v) To the Holders of the Series B-2 Bonds, all right, title and interest of the Issuer in and to amounts on deposit in the Series B-2 Collateral Fund Account, the Series B-2 Revenue Fund Account and the Series B-2 Negative Arbitrage Subaccount;
- (vi) Solely with respect to the Series B-1 Bonds, the MBS, if issued by Fannie Mae and acquired by the Trustee, and all MBS Revenues;
- (vii) 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
- (viii) All other funds, accounts and 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 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 B-1 Bonds, and at all times with respect to the Series B-2 Bonds, the Bonds will be secured by the deposit with the Trustee of the proceeds received from the sale of the Bonds 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 of and interest on the Series B-1 Bonds will be payable from pass-through payments received by the Trustee on the MBS.

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 B-1 Bonds will be redeemed from Eligible Funds held under the Indenture as set forth herein.

Except with respect to the Series B-1 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.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE. NONE OF THE ISSUER, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER TO THE LIMITED EXTENT AUTHORIZED BY THE ACT AND 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, NOTWITHSTANDING ANYTHING IN THE INDENTURE OR IN ANY OTHER INSTRUMENT TO THE CONTRARY, NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS THEREUNDER SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE ISSUER, ANY PUBLIC AGENCY OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, PURCHASE PRICE OF OR INTEREST ON THE BONDS, NOR IS THE STATE, THE ISSUER, ANY PUBLIC AGENCY OR ANY POLITICAL SUBDIVISION OF THE STATE, IN ANY MANNER OBLIGATED TO MAKE ANY APPROPRIATION FOR SUCH PAYMENT.

PRIVATE PARTICIPANTS

The following information concerning the private participants has been provided by representatives of the private participants and has not been independently confirmed or verified by either the Underwriter or the Issuer. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Borrower

The Borrower is Sunnydale Block 9 Housing Partners, L.P., a California limited partnership (the "Borrower"). The Borrower is a single-purpose entity formed to acquire, construct and operate the Project. The Borrower's administrative general partner is Related/Sunnydale Block 9 Development Co., LLC, a California limited liability company (the "Administrative General Partner"), and the Borrower's managing general partner is Sunnydale Block 9 LLC, a California limited liability company (the "Managing General Partner," and collectively with the Administrative General Partner, the "General Partners"). Mercy Housing Calwest, a California nonprofit public benefit corporation ("Mercy Housing"), serves as sole member of the Managing General Partner.

The Borrower has not acquired and does not intend to acquire any substantial assets or engage in any substantial business activities other than those related to the Project. However, affiliates of the Borrower may

engage in the acquisition, development, ownership and management of other similar types of projects that may be competitive with the Project.

The Co-Developers

The Related Companies of California, LLC, a California limited liability company (“Related California”), and Mercy Housing California, a California nonprofit public benefit corporation, (“Mercy California,” and together with Related California, the “Co-Developers”) will serve as Co-Developers of the Project. Related California was established in San Francisco in 1989 and has grown to be one of the largest developers and preservationists of affordable housing in California. In its history, Related California has completed more than 135 LIHTC properties totaling 15,500 affordable rental units. Related California is the majority member of the Administrative General Partner.

Investor Limited Partner

Shortly after the issuance of the Bonds, the Borrower expects to admit Wells Fargo Bank, National Association (the “Investor Limited Partner”) to the Borrower with a 99.99% ownership interest in the Borrower in exchange for equity contributions based primarily on the receipt of certain benefits from the Project’s federal low-income housing tax credits. The funding of the federal low income housing tax credit equity by the Investor Limited Partner is expected to total approximately \$[_____]. The funding levels and the timing of the funding are subject to numerous adjustments and conditions that 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 no representation is made as to the availability of such funds.

Limited Assets and Obligation of Borrower, General Partners and Investor Limited Partner

The Borrower has no substantial assets other than the Project and does not intend to acquire any other substantial assets or to engage in any substantial business activities other than those related to the development and ownership of the Project. However, the partners of the General Partners, the Investor Limited Partner, and their affiliates 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 Borrower and its partners will not be personally liable for payments on the Bond Loan Notes, the payments on which are to be applied to pay the principal of and interest on the Bonds; nor will the Borrower be personally liable under the other documents executed in connection with the issuance of the Bonds and the making of the loans evidenced by the Bond Loan Notes. Furthermore, no representation is made that the Borrower will have substantial funds available for the Project. Accordingly, neither the Borrower’s financial statements nor those of its partners are included in this Official Statement.

The Architects

The architects for the Project are Van Meter Williams Pollack LLP (“VMWP”) and Kerman Morris Architects LLP (“Kerman Morris,” and together with VMWP, the “Architects”). VMWP is an award-winning architecture and urban design firm based in San Francisco, Denver, and Minneapolis and specializes in affordable housing, mixed-use, and market-rate housing, master planning, land use, and zoning standards. Kerman Morris is a small, woman-owned architecture firm established in San Francisco in 1994, and specializes in a range of residential developments, including infill housing, affordable housing, and mixed-use projects. The Architects are not affiliates of the Co-Developers.

The General Contractor

The general contractor for the Project is Cahill/Guzman Construction Group JV, (the “General Contractor”). The General Contractor is a joint venture between Cahill Contractors (“Cahill”) and Guzman Construction Group (“Guzman”). Cahill specializes in residential, education, civic, healthcare, and commercial construction in the San Francisco Bay Area for over 100 years. Guzman was established in 2015 with a focus on affordable housing, healthcare, and educational facilities.

The Property Manager

Mercy Housing Management Group, (the “Property Manager”), will manage the Project following the acquisition and construction of the Project by the Borrower. The Property Manager was established in 1983 and currently manages over 300 properties serving 22,500+ affordable apartment homes in 21 states.

THE PROJECT

The following information concerning the Project has been provided by representatives of the Borrower and has not been independently confirmed or verified by either the Underwriter or the Issuer. No representation is made herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

Description of the Project

The Project, known as Sunnydale HOPE SF Block 9, is located at 1652 Sunnydale Avenue in San Francisco, California, on an approximately 1.2-acre site. The real property on which the Project is located will be leased from the Housing Authority of the City and County of San Francisco, as lessor, to the Borrower, as lessee, pursuant to the Ground Lease Agreement (Block 9 within Phase 1C–Sunnydale-Velasco HOPE SF Project) entered into as of May [], 2025 (the “Ground Lease”) for a period of seventy-five (75) years, unless sooner terminated or extended pursuant thereto. In consideration for the Ground Lease, the Borrower has agreed to construct the Project in accordance with the requirements set forth therein. The Project contains 95 apartment units (including one manager’s unit) located in one five story building. Construction of the Project is anticipated to commence in June 2025 and be completed in April 2027.

The unit mix of the Project is as follows:

<u>Unit Type</u>	<u>Number</u>	<u>Approximate Size of Unit</u>
1 BD	10	539 sq. ft.
2 BD	51	781 sq. ft.
3 BD	22	1,182 sq. ft.
4 BD	<u>11</u>	1,217 sq. ft.
Total	94*	

*Figure does not include one managers unit (3 bedroom).

Plan of Financing*

The estimated sources and uses for the Project are projected to be approximately as follows:

Estimated Sources of Funds

* Preliminary, subject to change.

Series B-1 Bonds
Series B-2 Bonds
Tax Credit Equity
MOHCD Gap Loan
Deferred Developer Fee
Estimated Total

Estimated Uses of Funds

Acquisition
Construction
Hard Cost Contingency
Developer Fee
Soft Costs
Financing Costs
Tax Credit & Syndication Costs
Reserves
Repayment of Series B-2 Bonds
Estimated Total

All costs of issuing the Bonds, including the Underwriter's fee, will be paid by the Borrower.

The Construction Loan. [The Project will utilize a construction loan in the principal amount of \$[_____] (the "Construction Loan") which is expected to close simultaneously with the issuance of the Bonds. The obligation to repay the Construction Loan will be set forth in one or more promissory note(s) (the "Construction Loan Note") from the Borrower to Wells Fargo Bank, National Association, a national banking association (the "Construction Lender") and will be repayable with the proceeds of the Permanent Loan and Tax Credit Equity. The Construction Loan Note will be secured by a [first-lien] mortgage against the Project. The Construction Loan Note will have a term of [_____] months and will bear interest at a [_____]%, 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.]

The Permanent Loan and the Bonds. [The Project will utilize a mortgage loan in the principal amount of \$[_____] (the "Permanent Loan") from Wells Fargo Bank, National Association, a national banking association (the "Permanent Lender"). Upon satisfaction of the Conditions to Conversion (as defined herein), 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 [_____] months, will bear interest at a rate of [_____]%, and will amortize over [_____] years. The principal amount of the Series B-1 Bonds will be equal to the principal amount of the Permanent Loan. Following the MBS Delivery Date, payments on the Series B-1 Bonds will be payable by the Trustee from payments received by the Trustee pursuant to the MBS.]

The 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 in exchange for equity contributions based primarily on the receipt of certain benefits from the Project's Tax Credit Equity. The funding of the Tax Credit Equity by the Investor Limited Partner 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

* Preliminary, subject to change.

set forth above and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.]

The MOHCD Gap Loan. [The Project will also utilize a Gap Loan from the Issuer, acting through the San Francisco Mayor's Office of Housing and Community Development ("MOHCD") in the principal amount of \$[_____] (the "MOHCD Gap Loan"). The obligation to repay the MOHCD Gap Loan will be set forth in a promissory note (the "MOHCD Gap Loan Note") from the Borrower to MOHCD and will be repayable from annual payments of principal and interest based on 50% of residual receipts on the terms and conditions set forth therein. [The MOHCD Gap Loan Note will be secured by a subordinate mortgage against the Project subordinate to the Construction Loan and the Permanent Loan.] *[Confirm?]* The MOHCD Gap Loan Note will have a term of 55* years and will bear simple interest at a rate of [3]*% per annum, with annual principal and interest not otherwise paid, due at maturity.]

Deferred Developer Fee. The Project will also utilize deferred developer fee in the approximate amount of \$[_____] as a source of funding. The deferred developer fee will be repaid through surplus cash flow received from the operations of the Project.

The PBV HAP Contract

The Borrower will receive the benefit of a traditional Section 8 Housing Assistance Payment Contract covering 71 units at the Project for a term of 20 years with one automatic 20-year extension ("PBV HAP Contract").

The Section 8 project-based housing choice voucher program (the "Section 8 Program") is authorized by Section 8 of the Housing Act (the "Section 8 Statute") and the regulations contained in 24 CFR 983 ("PBV Regulations"). The Section 8 project-based housing assistance payment program (the "Section 8 Program") is authorized by Section 8 of the United States Housing Act of 1937, as amended, and in the case of Section 8 contracts is administered by local public housing authorities. The Section 8 Program authorizes housing assistance payments to owners of qualified housing for the benefit of low-income families (defined generally as families whose incomes do not exceed 80% of the area median income ("AMI") for the area as determined by HUD), and very low-income families (defined generally as families whose income do not exceed 50% of the AMI as determined by HUD). Section 8 housing assistance payments generally represent the difference between the "contract rent" for the unit approved by HUD and the eligible tenant's contribution, which is generally 30% of income, as adjusted for family size and certain expenses, subject to a minimum rent contribution. The rents approved by HUD for the Project, as they may be adjusted from time to time with procedures set forth in the PBV HAP Contract, are the "contract rents" for the Project. The PBV HAP Contract will require the Borrower to maintain the Project in decent, safe and sanitary condition and to comply with other statutory and regulatory requirements governing the operation of the Project, use of project funds, and other matters.

If the Borrower fails to comply with the terms of the PBV HAP Contract, HUD or the contract administrator could seek to abate or terminate the payments under the PBV HAP Contract, or take other sanctions. The PBV HAP Contract requires that upon expiration of the initial term of the PBV HAP Contract and upon expiration of each renewal term, the Borrower must accept each offer by HUD or the contract administrator to renew the PBV HAP Contract, subject to the terms and conditions applicable at the term of each offer, and further subject to the availability of appropriations. However, because the PBV HAP Contract is subject to receipt of annual appropriations by Congress, there is no assurance that the PBV HAP Contract will be renewed or replaced upon its expiration. Funding for PBV HAP Contracts is appropriated by Congress on an annual basis, and there is no assurance that adequate funding will be appropriated each year during the term of the PBV HAP Contract. Since payments received under the PBV HAP Contract constitute a primary source of revenues for the Project, the expiration of the PBV HAP Contract, or the failure of Congress to appropriate funds sufficient to fund the PBV HAP Contract during each year of its term, would have a material adverse effect on the ability of the Project to generate revenues sufficient to pay the principal of and interest of the Loan.

Project Regulation

In order to obtain low income housing tax credits, the Project will be operated as a qualified residential rental project with 100% of the residential units in the Project occupied by Qualified Tenants during the Qualified Project Period, in accordance with Section 142(d) of the Code. See “APPENDIX E – SUMMARY OF CERTAIN PROVISIONS OF THE REGULATORY AGREEMENT” herein.

In addition to the rental restrictions imposed upon the Project by the Regulatory Agreement (defined below), the Project will be further encumbered by a tax credit restrictive covenant, to be executed by the Borrower in connection with the low-income housing tax credits (the “LIHTCs”) anticipated to be granted for the Project and in compliance with the requirements of Section 42 of the Code. Section 42 of the Code will restrict the income levels of 100% of the residential units in the Project (the “Tax Credit Units”). [A total of 38 units (40%) of the Tax Credit Units shall be held available for rental to persons whose adjusted family income is equal to or less than 60% of the AMI adjusted for family size and the rents which may be charged for occupancy of such units will be restricted to not more than 30% of 60% of AMI, adjusted for family size. The Project has other restrictions on affordability and use that it must comply with, including in connection with the [Tax Credit Regulatory Agreement], the Ground Lease and the MOHCD Gap Loan.]

CERTAIN BONDHOLDERS’ RISKS

The purchase of the Bonds will involve a number of risks. The following is a summary, which does not purport to be comprehensive or definitive, of some of such risk factors.

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 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 B-1 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 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 B-1 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 — Investment of Funds.” 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 a Regulatory Agreement and Declaration of Restrictive Covenants by and between the Issuer and the Borrower (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 [not less than forty percent (40%) of the total number of completed units in the Project or thirty-eight (38) units, shall be designated as

affordable units and during the Qualified Project Period shall be rented to and continuously occupied by tenants whose adjusted gross income does not exceed sixty percent (60%) of the Median Income for the Area.] 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.

Payments on Series B-1 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 B-1 Bonds, will be primarily secured by and payable from Series B-1 Bond proceeds held in the Series B-1 Bond Proceeds Fund Account and moneys deposited into the Series B-1 Collateral Fund Account, the Series B-1 Revenue Fund Account and the Series B-1 Negative Arbitrage Subaccount. Although the Borrower will execute the Series B-1 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 B-1 Bond Proceeds Fund Account, the Series B-1 Collateral Fund Account and the Series B-1 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 B-1 Bond Proceeds Fund Account, that the sum of the funds on deposit in the Series B-1 Bond Proceeds Fund Account and the Series B-1 Collateral Fund Account is at least equal to the then-outstanding principal amount of the Series B-1 Bonds. Prior to the MBS Delivery Date, moneys on deposit in the Series B-1 Bond Proceeds Fund Account and the Series B-1 Negative Arbitrage Subaccount, and the interest earnings thereon will be sufficient to pay the debt service on the Series B-1 Bonds.

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, the MBS will not be delivered, resulting in the mandatory redemption of the Bonds pursuant to the Indenture. See "DESCRIPTION OF THE BONDS - Redemption or Retirement of Bonds" herein.

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. Please see "DESCRIPTION OF THE BONDS – Mandatory Redemption or Retirement 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 B-1 Bonds and at all times with respect to the Series B-2 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. Following the MBS Delivery Date, the rating on the Series B-1 Bonds will be 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 B-1 Bonds.

Series B-1 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, limitations and requirements imposed by the Regulatory Agreement and other restrictive covenants, 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 income 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 B-1 Bonds. The Permanent Loan will not be accelerated unless directed by Fannie Mae in its sole discretion in which case the Series B-1 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 FOR THE BONDS” herein. If Fannie Mae accelerates the Permanent Loan as a result of any event of default under the Permanent Loan, the Permanent Loan will be paid in full, and the stated principal balance of the MBS will be passed through to the holder of the MBS. In this case, no yield maintenance or other prepayment premiums will be payable to the Trustee as holder of the MBS.

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.

Payments on the Series B-1 Bonds Made From Payments Received on MBS

As described elsewhere herein, following the MBS Delivery Date, principal and interest on the Series B-1 Bonds will be paid to registered owners thereof from principal and interest payments received by the Trustee pursuant to the MBS. 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.

MBS Certificate

If the MBS is issued by Fannie Mae and acquired by the Trustee as collateral for the Series B-1 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 B-1 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 B-1 Bonds are not and will not be guaranteed by the full faith and credit of Fannie Mae or the United States of America.

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 B-1 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 B-1 Bonds in such event. See “SECURITY FOR AND SOURCES OF PAYMENT FOR THE BONDS” herein.

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 as rentals adequate to maintain substantial occupancy throughout the term of the 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 and related regulations, the Regulatory Agreement and other restrictive covenants, relating to 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 should increase beyond what was anticipated.

Limited Liability of Issuer

Notwithstanding anything in the Indenture or in the Bonds, the Issuer shall not be required to advance any money derived from any source other than the Trust Estate, consisting of MBS Revenues and other assets pledged under the Indenture for any of the purposes of the Indenture.

No agreements or provisions contained in the 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 the Trust Estate (excluding the Reserved Rights), consisting of MBS Revenues and other 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 in the Indenture 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 Trust Estate (excluding the Reserved Rights), consisting of MBS Revenues and other assets pledged to the payment of the Bonds or the proceeds of the Bonds. .

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE TRUST ESTATE. NONE OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER TO THE LIMITED EXTENT AUTHORIZED BY THE ACT AND 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, NOTWITHSTANDING ANYTHING IN THE INDENTURE OR IN ANY OTHER INSTRUMENT TO THE CONTRARY, NONE OF THE BONDS OR

ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS THEREUNDER SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE ISSUER, ANY PUBLIC AGENCY OR ANY POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, PURCHASE PRICE OF OR INTEREST ON THE BONDS, NOR IS THE STATE, THE ISSUER, ANY PUBLIC AGENCY OR ANY POLITICAL SUBDIVISION OF THE STATE, IN ANY MANNER OBLIGATED TO MAKE ANY APPROPRIATION FOR SUCH PAYMENT.

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.

Future Legislation; IRS Examination

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 will 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. See also "TAX MATTERS – Changes in Federal and State Tax Law" herein.

In recent years, the Internal Revenue Service (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 bonds is subject to federal income taxation. 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. No assurance can be given that the IRS will not examine the Issuer, the Borrower, the Project or the Bonds. If the Bonds are examined, it may have an adverse impact on their price and marketability.

Potential Impact of Pandemics or Public Health Crises

The spread of the strain of a virus and resulting disease could alter the behavior of businesses and people in a manner that could have negative effects on global, state and local economies. There can be no assurances that the spread of a pandemic would not materially impact both local and national economies and, accordingly, have a materially adverse impact on the Project's operating and financial viability. The effects of a pandemic could include, among other things, an increase in the time necessary to complete the construction of the Project, suspension or delay of site inspections and other on-site meetings, interruption in the engagement of material participants in the Project, increase in the time necessary to conduct lease-up at the Project, and increased delinquencies and/or vacancies, all of which could impact the Borrower's ability to make payments on the loans and result in a default and acceleration thereof.

Limitation of Remedies

Remedies available under the Indenture, the Financing Agreement, and the Regulatory Agreement are limited in certain respects. See “ENFORCEABILITY OF REMEDIES” herein.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

TAX MATTERS

General Matters. In the opinion of Kutak Rock LLP and Amira Jackmon, Attorney at Law, Co-Bond Counsel, under existing laws, regulations, rulings and judicial decisions, (a) interest on the Bonds is excludable from gross income for federal income tax purposes, except for interest on any Bond for any period during which such Bond is held by a “substantial user” of the facilities financed by the Bonds or a “related person” within the meaning of Section 147(a) of the Code, and (b) interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinion described above assumes the accuracy of certain representations and compliance by the Issuer and the Borrower with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Issuer and the Borrower have covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend on such owners’ particular tax status and other items of income or deduction. Co-Bond Counsel has expressed no opinion regarding any such consequences.

Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Co-Bond Counsel is also of the opinion that under existing State of California statutes, interest on the Bonds is exempt from State of California personal income tax. Co-Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State of California or any other state or jurisdiction.

Copies of the forms of opinions of Co-Bond Counsel are attached hereto as Appendix I-1 and Appendix I-2, respectively.

Backup Withholding

An owner of a Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Bonds if such owner fails to provide to any person required to

collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other "reportable payments" (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Co-Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Co-Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

PROSPECTIVE PURCHASERS OF THE BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS

NO LITIGATION

The Issuer

There is no proceeding or litigation of any nature now pending or threatened against the Issuer restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or the Financing Documents to which the Issuer is a party, any proceedings of the Issuer taken with respect to the issuance or sale thereof, the pledge or application of any money or security provided for the payment of the Bonds, the existence or powers of the Issuer relating to the Bonds or the title of any officers of the Issuer to their respective positions.

The Borrower

There is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower in its capacity as such, nor, to the knowledge of the Borrower, any basis therefor, (i) which would restrain or enjoin the issuance or delivery of the Bonds, the use of this Official Statement in the marketing of the Bonds or the collection of revenues pledged under or pursuant to the Indenture or (ii) which would in any way contest or affect the organization or existence of the Borrower or the entitlement of any officer of the Borrower to its position or (iii) which would contest or have a material and adverse effect upon (A) the due performance by the Borrower of the transactions contemplated by this Official Statement, (B) the validity or enforceability of the Bonds or any other agreement or instrument to which the Borrower is a party and that is used or contemplated for use in the consummation of the transactions contemplated hereby and thereby, (C) the exclusion from gross income for federal income tax purposes of the interest on the Bonds or (D) the financial condition or operations of the Borrower, (iv) which contests in any way the completeness or accuracy of this Official Statement or (v) which questions the power or authority of the Borrower to carry out the transactions on its part contemplated by this Official Statement, or the power of the

Borrower to own or operate the Project. The Borrower is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

CERTAIN LEGAL MATTERS

The validity of the Bonds and certain other legal matters are subject to approving opinions of Kutak Rock LLP, Omaha, Nebraska, and Amira Jackmon, Attorney at Law, Berkeley, California, Co-Bond Counsel to the Issuer. The approving opinions of Co-Bond Counsel, in substantially the forms set forth as in Appendix I-1 and Appendix I-2 hereto, will be delivered with the Bonds. Certain legal matters will be passed upon for the Issuer by the City Attorney and by Hawkins Delafield & Wood LLP, San Francisco, California, Disclosure Counsel to the City, for the Borrower by its co-counsel, Gubb and Barshay, LLP, San Francisco, California, and Bocarsly Emden Cowan Esmail & Arndt LLP, Los Angeles, California, and for the Underwriter by its counsel, Tiber Hudson LLC, Washington, D.C. Payment of the fees of certain counsel to the transaction is contingent upon the issuance and delivery of the Bonds as described herein.

UNDERWRITING

Wells Fargo Bank, National Association (the “Underwriter”), a “participating underwriter” as defined in 15c2-12 and an “underwriter” as defined in Section 2(a)(11) of the Securities Act of 1933, as amended, has entered into the Bond Purchase Agreement to purchase all of the Bonds, if any of the Bonds are to be purchased, at a price set forth on the cover page hereof. The Bond Purchase Agreement provides that, as compensation for its services, the Underwriter will receive from the Borrower \$ _____ for certain fees and expenses related to the issuance of the Bonds (not including the fees and expenses of its counsel). The obligation of the Underwriter to pay for the Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement. The Borrower has agreed to indemnify the Underwriter and the Issuer as to certain matters in connection with the Bonds.

The Underwriter may offer and sell the Bonds that it purchases to certain dealers including dealer banks and dealers depositing the Bonds into investment trusts and others at a price lower than the public offering price stated in the Term Sheet. The offering price of the Bonds may be changed from time to time by the Underwriter.

The Underwriter does not guarantee a secondary market for the Bonds and is not obligated to make any such market in the Bonds. No assurance can be made that such a market will develop or continue. Consequently, investors may not be able to resell Bonds should they need or wish to do so for emergency or other purposes.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association (“WFBNA”), which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

WFBNA, acting through its Municipal Finance Group, the sole underwriter of the Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

The Issuer has not been furnished with any documents relating to the WFA Distribution Agreement or the WFSLLC Distribution Agreement and makes no representations of any kind with respect thereto. The Issuer is not a party to the WFA Distribution Agreement or the WFSLLC Distribution Agreement and has not entered into any agreement or arrangement with WFBNA, WFSLLC or WFA with respect to the offering and sale of the Bonds.

In addition to serving as the Underwriter, Wells Fargo Bank, National Association or one of its affiliates will (i) serve as the Lender to the Borrower, (ii) provide LIHTC equity to the Project and (iii) serve as the Remarketing Agent to the Project, and will be compensated for serving in such capacities. Conflicts of interest could arise by reason of the different capacities in which Wells Fargo Bank, National Association and its affiliates act in connection with the Bonds, the Mortgage Loan, the LIHTC equity and the Remarketing of the Series B-2 Bonds.

The Underwriter and its affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates may have, from time to time, performed, and may in the future perform, various investment banking services either for the Issuer and/or the Borrower and affiliates thereof, for which they received or will receive customary fees and expenses. The Underwriter is not acting as financial advisor to the Issuer or the Borrower in connection with the offer and sale of the Bonds.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer and/or the Borrower and affiliates thereof.

RATINGS

Moody's Ratings, a Delaware corporation (the "Rating Agency") has assigned to the Bonds the ratings set forth on the cover page hereof. An explanation of the significance of such ratings may be obtained from the Rating Agency. The ratings of the Bonds reflect only the views of the Rating Agency at the time such ratings were given, and neither the Issuer nor the Borrower nor the Underwriter makes any representation as to the appropriateness of the ratings. The ratings are not a recommendation to buy, sell, or hold the Bonds. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the Rating Agency, if in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

The Borrower, as the only "obligated person" with respect to the Bonds, will enter into a Continuing Disclosure Agreement, dated as of May 1, 2025 (the "Continuing Disclosure Agreement"), with U.S. Bank Trust Company, National Association, acting as Dissemination Agent, pursuant to which the Borrower will agree to provide ongoing disclosure pursuant to the applicable requirements of Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"). Financial statements will be provided at least annually to the Municipal Securities Rulemaking Board (the "MSRB") and notices of certain events will be issued pursuant to the Rule. Information will be filed with the MSRB through its Electronic Municipal Market Access ("EMMA") system, unless otherwise directed by the MSRB. A form of the Continuing Disclosure Agreement is attached hereto as Appendix G.

[Instances of Borrower or related Borrower entity noncompliance under prior CDA's to be disclosed.]

A failure by the Borrower to comply with the provisions of the Continuing Disclosure Agreement will not constitute a default under the 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 has not previously been subject to the continuing disclosure requirements of the Rule.

THE TRUSTEE

The information under this heading has been provided solely by the Trustee and is believed to be reliable, but has not been verified independently by the Issuer or the Underwriter. No representation whatsoever as to the accuracy, adequacy or completeness of such information is made by the Borrower, the Issuer or the Underwriter.

The Issuer has appointed U.S. Bank Trust Company, National Association as Trustee under the Indenture. The Trustee is a national banking association, having all of the powers of a bank, including fiduciary powers, and is a member of the Federal Deposit Insurance Corporation and the Federal Reserve System.

The Trustee is to carry out such duties as are assigned to it under the Indenture, the Financing Agreement, and the other Financing Documents. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture or the Bonds (except for the certificate of authentication on each Bond), or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application of any of the Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Bonds. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, the technical or financial feasibility of the expected uses of proceeds of the Bonds or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

ENFORCEABILITY OF REMEDIES

The remedies available to the Trustee, the Issuer and the Bondholders upon an Event of Default under the Indenture, the Financing Agreement or the Regulatory Agreement 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 Indenture, the Financing Agreement or the Regulatory Agreement 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).

RELATIONSHIP AMONG PARTIES

In connection with the issuance of the Bonds, the Issuer, the Borrower, and the Underwriter are being represented by the attorneys or law firms identified herein. In other transactions not related to the Bonds, each of these attorneys or law firms may have acted as bond counsel or represented the Issuer, the Underwriter, the Borrower, or their affiliates, in capacities different from those described herein, and there will be no limitations imposed as a result of the issuance of the Bonds on the ability of any of those attorneys or firms to act as bond counsel or represent any of these parties in any future transactions. Potential purchasers of the Bonds should not assume that the Issuer, the Underwriter, the Borrower, or their respective counsel or Co-Bond Counsel have not previously engaged in, or will not after the issuance of the Bonds engage in, other transactions with each other or with affiliates of any of them, and no assurance can be given that there are or will be no past or future relationships or transactions between or among any of these parties or these attorneys or law firms.

ADDITIONAL INFORMATION

Any statements in this Official Statement involving matters of opinion, 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 purchasers or holders of any of the Bonds.

This Official Statement has been deemed final in accordance with the Rule. The execution and delivery of this Official Statement has been duly authorized by the Borrower.

The Issuer maintains a website and social media accounts. The information presented on such website and social media accounts is **not** incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. 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 final official statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

Except for the information under "ISSUER" and "NO LITIGATION – The Issuer," the Issuer has not approved, makes no representation 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.

IN WITNESS WHEREOF, the foregoing Official Statement has been executed by the undersigned as of the date first written above.

SUNNYDALE BLOCK 9 HOUSING PARTNERS, L.P., a
California limited partnership

By: Related/Sunnydale Block 9 Development Co.,
LLC, a California limited liability company, its
administrative general partner

By: _____
Name: Ann Silverberg
Title: President

By: Sunnysdale Block 9 LLC, a California limited liability company, its managing general partner

By: Mercy Housing Calwest, a California nonprofit public benefit corporation, its sole member and manager

By: _____

Name: Elizabeth Kuwada

Title: Vice President

APPENDIX A

FANNIE MAE MORTGAGE-BACKED SECURITIES PROGRAM

[To be updated]

*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, 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 and can be found, if and when the MBS is issued, by inputting, when available, the CUSIP shown in Appendix H hereto into Fannie Mae’s multifamily disclosure system, DUS Disclose (<https://mfdusdisclose.fanniemae.com/#/home>). The template for the Fannie Mae MBS Prospectus, as of the date of this Official Statement can be found at <https://capitalmarkets.fanniemae.com/media/23966/display>. The template for the Fannie Mae MBS Prospectus may change from time to time. The Fannie Mae MBS Prospectus, if and when available, will consist of the template for the Fannie Mae MBS Prospectus applicable at the time of issuance of the MBS 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 H. **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.***

Security Guaranteed Mortgage Pass-Through Certificates (Multifamily Residential Mortgage Loans)

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. The address of its principal office is 1100 15th Street, NW, Washington, DC 20005; the telephone number is 800-2FANNIE (800-232-6643).

Fannie Mae has been under conservatorship since September 6, 2008. The conservator, the Federal Housing Finance Agency (“FHFA”), 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 FHFA, 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 FHFA, 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.**

Sponsor and Depositor.....	Fannie Mae is the sponsor of this offering of certificates and the depositor of the mortgage loans into the trust.
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 (i) the Permanent Loan or (ii) the pool of mortgage loan participation interests that comprise the trust. See "THE PERMANENT LOAN" 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. The book-entry MBS will not be convertible into physical certificates.
Minimum Denomination	Fannie Mae will issue the MBS in minimum denominations of \$1,000, with additional increments of \$1.
Issue Date.....	The date specified on the front cover page, which is the first day of the month in which the MBS is issued.
Settlement Date.....	The date specified on the front cover page, which is a date no later than the last business day of the month in which the issue date occurs.
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 September 1st, the distribution date is October 25th or, if October 25th is not a Business Day, the first Business Day following October 25th.
Maturity Date	The date specified on the front cover page, which is the date that the final payment is due on the last mortgage loan remaining in the pool.
Use of Proceeds.....	The MBS is backed by a pool of one or more mortgage loans that Fannie Mae recently acquired or already owned. Fannie Mae is issuing the MBS either in exchange for the recently acquired

	<p>mortgage loans or for cash proceeds that are generally used for purchasing other mortgage loans or for general corporate purposes.</p>
Interest.....	<p>On each Distribution Date, Fannie Mae will pass through on the MBS, if issued, one month’s interest at the “Pass-Through Rate”.</p> <p>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.</p> <p>As described under the caption “MATERIAL FEDERAL INCOME TAX CONSEQUENCES” which can be found at https://capitalmarkets.fanniemae.com/media/23966/display, the MBS and payments on the MBS, including interest payments thereon, are subject to federal income taxation. Such interest payments only become excluded from gross income for federal income tax purposes and excluded from taxation by the State, to the extent described elsewhere herein, when applied by the Trustee to pay interest due on the Series B-1 Bonds. See “TAX MATTERS” in the Official Statement herein.</p>
Principal	<p>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.</p> <p>On each Distribution Date, Fannie Mae will pass through principal of the MBS, if issued, as follows:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ○ the stated principal balance of the Permanent Loan as to which prepayments 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. If Fannie Mae does so, it 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 partial prepayment caused by the receipt of proceeds from insurance or condemnation. A reamortization of the Permanent Loan will cause a change in the amount of principal that 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 pool factor is generally available through DUS Disclose on Fannie Mae's website at <https://mfdusdisclose.fanniemae.com/#/home>.

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.

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.

Prepayments.....

A borrower may voluntarily prepay the loan in full. Except during the open period, each mortgage loan in the pool requires payment of a prepayment premium if the loan is prepaid voluntarily, as disclosed on Annex A. A portion of the prepayment premium, 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"** in the Fannie Mae MBS Prospectus. **Fannie Mae does not guarantee to any trust the payment of any prepayment premiums.**

Master Servicing/Servicing

Fannie Mae is responsible as master servicer for certain duties. Fannie Mae has contracted with the mortgage servicer identified on Annex A to perform servicing functions for us subject to our supervision. Fannie Mae refers to this servicer or any successor servicer as its primary servicer. In certain limited circumstances, Fannie Mae may act as primary servicer. For a description of Fannie Mae's duties as master servicer and the responsibilities of its primary servicer, see **"THE TRUST DOCUMENTS-Collections and Other Servicing Practices"** and **"FANNIE MAE PURCHASE PROGRAM-Servicing Arrangements"** in the Fannie Mae MBS Prospectus.

Business Day.....

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 is authorized or obligated by law or executive order to remain closed, or, for purposes of withdrawals from a certificate account, 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 Documents.....

If issued, the MBS will be issued pursuant to the applicable Trust Agreement relating to the MBS issued at that time, 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. Investors should refer to the trust agreement and the related trust issue supplement for a complete description of their rights and obligations as well as those of Fannie Mae in its various capacities. The current form of the trust agreement, as of the date

hereof, may be found on Fannie Mae's website:
<http://www.fanniemae.com>.

Trustee.....	Fannie Mae serves as the trustee for the trust pursuant to the terms of the trust agreement and the related trust issue supplement.
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.
Fiscal Agent	An entity designated by Fannie Mae to perform certain administrative functions for the trust. The Federal Reserve Bank of New York currently serves as Fannie Mae's fiscal agent for certificates such as the MBS.
The Multifamily Mortgage Loan Pool	<p>Each mortgage loan in the pool is a fixed-rate loan included in one of the following categories:</p> <ul style="list-style-type: none">• Fixed-rate loans with monthly payments of interest only during their entire loan terms, with a balloon payment of all outstanding principal at maturity;• Fixed-rate loans with monthly payments of interest only during specified initial periods, followed by monthly payments of principal and interest for their remaining loan terms, with a balloon payment of all outstanding principal at maturity;• Fixed-rate loans with monthly payments of interest only during specified initial periods, followed by monthly payments of principal and interest that fully amortize over their remaining loan terms;• Fixed-rate loans with monthly payments of interest and principal during their entire loan terms, with a balloon payment of all outstanding principal at maturity; and• Fixed-rate loans with monthly payments of interest and principal that fully amortize over their loan terms.
Multifamily Mortgage Loans.....	Each mortgage loan in the pool was acquired from a multifamily mortgage loan seller that Fannie Mae has approved. A mortgage loan may have been originated by the seller or may have been acquired by the seller from the originator of the loan, which may or may not be an approved mortgage loan seller. Each mortgage loan that Fannie Mae acquires either meets its published standards or is reviewed by Fannie Mae before delivery to determine its suitability. Fannie Mae may modify its standards or permit waivers on specific transactions from time to time.
Types of Property.....	<p>Each mortgage loan in the pool is secured by a lien on one or more of the following types of property:</p> <ul style="list-style-type: none">• Multifamily residential properties;• Cooperative housing projects;• Dedicated student housing;

- Manufactured housing communities;
- Military housing; or
- Seniors housing

Annex A discloses the type of property securing each mortgage loan in the pool and the priority of each lien. Any type of property may also be considered affordable housing; Annex A discloses certain affordable housing characteristics.

Termination.....	The trust will terminate when the certificate balance of the certificates has been reduced to zero, and all required distributions have been passed through to certificateholders. Fannie Mae has no unilateral option to cause an early termination of the trust other than by purchasing a mortgage loan from the pool for a reason permitted by the trust documents.
Federal Income Tax Consequences.....	The mortgage pool will be classified as a fixed investment trust. Unless otherwise disclosed in the Additional Disclosure Addendum to the Fannie Mae Prospectus, Fannie Mae will file an election to treat the mortgage pool as a being included in the assets of a real estate mortgage investment conduit (“REMIC”). In that case, for federal income tax purposes the related certificate will represent ownership of a REMIC regular interest and an interest in any associated prepayment premiums, in each case, in respect of each mortgage loan in the pool. See “MATERIAL FEDERAL INCOME TAX CONSEQUENCES” in the Fannie Mae MBS Prospectus.
Whole Pool Certificates	Fannie Mae’s counsel, Katten Muchin Rosenman LLP, has advised Fannie Mae that certificates issued under the trust documents that represent 100% of the beneficial interests in a pool of mortgage loans (or participation interests therein) held in the related trust and with respect to which REMIC elections are made will qualify as “whole pool certificates” to the same extent as certificates that represent 100% of the beneficial interests in a pool of mortgage loans (or participation interests therein) held in a trust with respect to which no REMIC elections are made.
Resecuritization.....	Following the assignment of mortgage loans to a trust, the related certificates upon issuance will represent the initial securitization of the mortgage loans. Any further assignment of the certificates to a REMIC trust or other issuance vehicle will represent the initial res securitization of the mortgage loans. Certificates backed by mortgage loans with respect to which a REMIC election is made may be res securitized to the same extent as, and may be commingled freely with, certificates backed by mortgage loans with respect to which no REMIC election is made.
Legal Investment Considerations.....	Under the Secondary Mortgage Market Enhancement Act of 1984, the certificates offered by this prospectus will be considered “securities issued or guaranteed by ... the Federal National Mortgage Association.” Nevertheless, investors should consult their own legal

advisor to determine whether and to what extent the certificates of an issuance constitute legal investments for them.

ERISA Considerations.....

For the reasons discussed in “**ERISA CONSIDERATIONS**” in the Fannie Mae MBS Prospectus, an investment in the certificates by a plan subject to the Employee Retirement Income Security Act (“ERISA”) will not cause the assets of the plan to include the mortgage loans underlying the certificates or the assets of Fannie Mae under the fiduciary provisions of ERISA or the prohibited transaction provisions of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”). Nevertheless, fiduciaries of such plan investors should consult with counsel regarding the applicability of the provisions of ERISA and Section 4975 of the Code before purchasing the certificates.

[Remainder of page intentionally left blank]

SCHEDULE I

FORM OF PROPOSED ADDITIONAL DISCLOSURE ADDENDUM

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 mortgage loan is an affordable housing loan and, accordingly, the mortgaged property is subject to affordable housing regulatory requirements that impose income and rent restrictions on tenants of the mortgaged property. In addition, the mortgaged property has received an allocation of low-income housing tax credits and the property owner has selected the occupancy option under the Consolidated Appropriations Act of 2018 referred to as “income averaging.” The Borrower must comply with each tax credit covenant requirement pursuant to the mortgage loan documents. Failure to deliver executed IRS Form 8609(s) for the mortgaged property in a timely fashion in compliance with Section 42(l) of the internal Revenue Code will be an event of default and recourse to the extent of loss. 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 serve as collateral for a tax-exempt issue of multifamily housing bonds (the “Series B-1 Bonds”) issued by the City and County of San Francisco (the “Issuer”) pursuant to and secured by an Indenture of Trust by and between the Issuer and U.S. Bank Trust Company, National Association, as trustee. The mortgage loan documents provide that the mortgage loan is cross-defaulted with certain agreements relating to the Series B-1 Bonds entered into at the time of the issuance of the Series B-1 Bonds, including but not limited to the indenture authorizing the Series B-1 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 entered into at the time of the issuance of the Series B-1 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 MBS certificates will be passed through to the holder of the MBS certificates. In this case, no yield maintenance or other prepayment premiums will be payable to the holder of the MBS certificates.

The mortgaged property benefits from a tax exemption under Section 214(g) of the California Revenue and Taxation Code, as amended, which provides for a property tax exemption for certain qualifying affordable housing developments in the state of California so long as there is not a change in law and the property continues to meet the requirements for receiving the benefits of the tax abatement. Any (a) termination, substantial reduction, or material modification of the tax abatement that would become effective prior to the date that is five (5) years after the mortgage loan maturity date (an “adverse tax abatement event”), (b) failure to take such actions as may be required to abatement program requirements, or (c) transfer of the mortgaged property or an interest in the mortgaged property or the borrower that would cause an adverse tax abatement event is an event of default under the loan agreement. In addition, the borrower is liable to the lender for repayment of a portion of the mortgage loan equal to any loss or damage suffered by the lender in connection with a tax abatement related event of default that results in an adverse tax abatement event. 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.

The borrower may obtain a supplemental loan secured by a lien on the mortgaged property. Any such supplemental loan is expected to be subordinate to the mortgage loan. Generally, however, the supplemental loan will be cross-defaulted with the mortgage loan. As a result, an event of default on the supplemental loan may cause an event of default on the mortgage loan, which may result in acceleration of the mortgage loan. See, “THE MORTGAGE LOANS — General Characteristics of the Mortgage Loans--Existing and Future Supplemental Mortgage Loans — Future Supplemental Mortgage Loans” and “Cross Default; Existing Mortgage Loans; Future Supplemental Mortgage Loans” 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 Mae’s discretion, it may determine that matters identified in the Term Sheet attached as APPENDIX H hereto or otherwise may need to be disclosed in the Additional Disclosure Addendum provided in connection with the issuance of the MBS certificate.

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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

BOOK-ENTRY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer and the Borrower believe to be reliable, but neither the Issuer, the Underwriter nor the Borrower take responsibility for the accuracy thereof.

The Depository Trust Company ("DTC"), New York, New York 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 will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or held by the Trustee.

DTC, the world's largest 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"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of 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 records of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in bonds, except in the event that use of the book-entry system for the bonds is discontinued.

To facilitate subsequent transfers, all 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 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 such 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 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 transaction documents. For example, Beneficial Owners of 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 registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, the amount of the interest of each Direct Participant in such issue to be redeemed shall be determined on a pro rata basis in accordance with the “Pro Rata Pass Through Distributions of Principal” procedures of DTC.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments 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, 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 or its nominee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer, 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. Under such circumstances, in the event that a successor depository is not obtained, bonds are required to be printed and delivered.

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

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.

APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

§ _____
City and County of San Francisco
Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured)
(Sunnydale HOPE SF Block 9) Series 2025B-1

§ _____
City and County of San Francisco
Multifamily Housing Revenue Bonds
(Sunnydale HOPE SF Block 9) Series 2025B-2

This Continuing Disclosure Agreement, dated as of May 1, 2025 (this “Continuing Disclosure Agreement”), is executed and delivered by Sunnydale Block 9 Housing Partners, L.P., a California limited partnership (the “Borrower”), and U.S. Bank Trust Company, National Association, as dissemination agent (the “Dissemination Agent”). The above-captioned bonds (the “Bonds”) are being issued pursuant to an Indenture of Trust, dated as of May 1, 2025 (the “Indenture”), between the City and County of San Francisco (the “Issuer”) and U.S. Bank Trust Company, National Association (the “Trustee”). Pursuant to the Indenture and Financing Agreement, dated as of May 1, 2025, among the Issuer, the Trustee and the Borrower (the “Financing Agreement”), the Dissemination Agent and the Borrower covenant and agree as follows:

Section 1. Purpose of this Continuing Disclosure Agreement. This Continuing Disclosure Agreement is being executed and delivered by the Borrower and the Dissemination Agent for the benefit of the holders of the Bonds and in order to assist the Participating 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 2, 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 and Exhibit A attached hereto.

“*Audited Financial Statements*” means, in the case of the Borrower, the annual audited financial statements 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.

“*Disclosure Representative*” shall mean 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 Trust Company, 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.

“*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.

"Participating Underwriter" means Wells Fargo Bank, National Association, and its successors and assigns.

"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.

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 December 31, 2025, 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 the Annual Report.

(b) If by 15 Business Days prior to the date specified in subsection (a) for providing the 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 in a timely manner 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 with respect to the Project, provided at least annually, of the type included in Exhibit A 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, and the Audited Financial Statements will be filed in the same manner as the Annual Report when and if they become available.

Any or all of the items described in Exhibit A 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.

Each annual report submitted hereunder shall be in readable portable document format ("PDF") or other acceptable electronic form.

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 Bonds;
- (vii) Modifications to rights of holders of the Bonds, 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 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 of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Borrower, any of which affect security holders, if material;
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Borrower, any of which reflect financial difficulties;
- (xvii) Delivery of the MBS;
- (xviii) Any extension of the MBS Delivery Date Deadline; and

(xix) The Project being placed in service for purposes of qualifying the property for low income housing tax credits. Notice of the Project being placed in service from the Borrower to the Dissemination Agent shall be in the form attached as Exhibit F or such other form as may be approved by the Dissemination Agent. Notice of the Project being placed in service from the Dissemination Agent to the Municipal Securities Rulemaking Board shall be in the form attached as Exhibit C or such other form as may be approved by the Dissemination Agent.

For purposes of clauses (xv) and (xvi) of this Section 5(a), “financial obligation” is as contemplated by Exchange Act Release No. 34-83885; File No. S7-01-17 (the “Adopting Release”).

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any potential Listed Event, pursuant to subsection (c) of this Section 5 or otherwise, provide the Disclosure Representative with notice (by facsimile transmission confirmed by telephone or by email). While the Dissemination Agent is also the Trustee, the Dissemination Agent shall be deemed to have actual knowledge of those items listed in clauses (i), (iii) (solely with respect to funds held by the Trustee), (iv), (v), (vii), (viii), (ix), (x) and (xiv), (xvii) and (xviii) above without the Dissemination Agent’s having received notice of such event. While the Dissemination Agent is not also the Trustee, the Dissemination Agent shall not be deemed to have actual knowledge of any items listed in clauses (i) - (xix) above without the Dissemination Agent having received written notice of such event. For purposes of providing notice to the Disclosure Representative, the Dissemination Agent shall assume that the unscheduled draws described in clauses (iii) and (iv) reflect financial difficulty.

(c) Whenever the Borrower obtains knowledge of the occurrence of a potential Listed Event, the Borrower shall, within five (5) Business Days of obtaining such knowledge and in any event no more than eight (8) Business Days after the occurrence of such event, determine if such event is in fact a Listed Event that is required by the Rule to be disclosed and provide the Dissemination Agent with notice and instructions pursuant to subsections (d) below.

(d) If the Borrower has determined that a Listed Event is required to be disclosed then the Borrower shall prepare a written notice describing the Listed Event and provide the same to the Dissemination Agent along with instructions to file the same pursuant to subsection (e) below.

(e) If the Dissemination Agent has been provided with a written notice describing a Listed Event pursuant to subsection (c) of this Section 5 or otherwise, and is instructed by the Borrower to report the occurrence of such Listed Event, the Dissemination Agent shall, within two (2) Business Days of its receipt of such written notice and in any event no more than ten (10) Business Days after the occurrence of the Listed Event, file the notice with the MSRB and send a copy to the Borrower.

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 its 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 (as defined in the Rule) 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 Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders 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 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(e) 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, and such failure to comply continues beyond a period of thirty (30) days following written notice to the Borrower, 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 Dissemination Agent, the Participating Underwriter and Holders from time to time of the Bonds and will create no rights in any other person or entity.

Section 9. Reserved.

Section 10. 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 11. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Continuing Disclosure Agreement. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Borrower has provided such information to the Dissemination Agent as required by this Continuing Disclosure Agreement. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or

notices provided to it by the Borrower and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the Borrower's failure to report to the Dissemination Agent a Listed Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Borrower has complied with this Continuing Disclosure Agreement. The Dissemination Agent may conclusively rely upon Certifications of the Borrower at all times.

The obligations of the Borrower under this Section 11 shall survive resignation or removal of the Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Borrower.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Continuing Disclosure Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

Section 12. Notices. All notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been duly given or made when delivered personally or by mail (including electronic mail) to the party to which such notice, request, demand or other communication is required or permitted to be given or made under this Continuing Disclosure Agreement and addressed as set forth below, indicated below:

If to the Borrower:

Sunnydale Block 9 Housing Partners, L.P.
44 Montgomery Street, Suite 1310
San Francisco, CA 94104
Attention: Ann Silverberg
Email: asilverberg@related.com

With a copy to:

Sunnydale Block 9 Housing Partners, L.P.
c/o The Related Companies of California, LLC
18201 Von Karman Avenue, Suite 900
Irvine, CA 92612
Attention: Asset management

Bocarsly Emden Cowan Esmail & Arndt LLP
633 W. 5th Street, Suite 5880
Los Angeles, CA 90071
Attention: Nicole Deddens, Esq.
Email: ndeddens@bocarsly.com

Sunnydale Block 9 Housing Partners, L.P.
c/o Mercy Housing California
1256 Market Street
San Francisco, CA 94102

Attn: Elizabeth Kuwada
Email: elizabeth.kuwada@mercyhousing.org

Gubb & Barshay, LLP
235 Montgomery Street, Suite 1110
San Francisco, CA 94104
Attn: Erica Williams Orcharton
Email: ewilliams@gubbandbarshay.com

If to the Dissemination Agent:

U.S. Bank Trust Company, National Association
[One California Street, Suite 1000]
San Francisco, CA. 94111
Attention: [Title]
Ref: Sunnydale HOPE SF Block 9
Email: [_____]

Section 13. Governing Law. This Continuing Disclosure Agreement shall be governed by the laws of the State of California.

Section 14. Termination of this Continuing Disclosure Agreement. The Borrower or the Dissemination Agent may terminate this Continuing Disclosure Agreement by giving written notice to the other party at least 30 days prior to such termination. The Dissemination Agent shall be fully discharged at the time any such termination is effective. The Borrower's and the Dissemination Agent's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Borrower shall give notice of such termination in a filing with the MSRB.

Section 15. 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.

[Signature pages to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Continuing Disclosure Agreement to be executed by their duly authorized representatives as of the date set forth above.

SUNNYDALE BLOCK 9 HOUSING PARTNERS, L.P., a
California limited partnership

By: Related/Sunnydale Block 9 Development Co.,
LLC, a California limited liability company, its
administrative general partner

By: _____
Name: Ann Silverberg
Title: President

By: Sunnydale Block 9 LLC, a California limited
liability company, its managing general partner

By: Mercy Housing Calwest, a California
nonprofit public benefit corporation, its
sole member and manager

By: _____
Name: Elizabeth Kuwada
Title: Vice President

[Signatures continue on following page]

[Dissemination Agent's Signature Page to Continuing Disclosure Agreement]

U.S. Bank Trust Company, National Association,
as Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A

ANNUAL REPORT

\$[PAR AMOUNT B-1]*
City and County of San Francisco
Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured)
(Sunnydale HOPE SF Block 9) Series 2025B-1

\$[PAR AMOUNT B-2]*
City and County of San Francisco
Multifamily Housing Revenue Bonds
(Sunnydale HOPE SF Block 9) Series 2025B-2

Annual report for the period ending December 31, _____

THE PROJECT

Name of the Project: Sunnydale HOPE SF Block 9
Address: 1652 Sunnydale Avenue, San Francisco, CA. 94134
Number of Units: 95 (including one manager's unit)

INFORMATION ON THE BONDS AND THE MBS

Original principal amount of Bonds:
Outstanding principal amount of Bonds:
MBS Pool Number:
MBS CUSIP Number:
Original principal amount of the MBS:
Outstanding principal amount of the MBS:

OPERATING HISTORY OF THE PROJECT

The tables set forth below offer a summary of the operating results of the Project for fiscal year ended December 31, _____, as derived from the Borrower's audited financial statements [or unaudited financial statements].

**Financial Results for
Fiscal Year Ending December 31, _____**

Revenues
Operating Expenses¹
Net Operating Income
Debt Service on the Series 2025[B-
1][B-2] Bonds
Net Income (Loss)
Debt Service Coverage Ratio

¹Excludes depreciation and other non-cash expenses.

**Occupancy Results for
Fiscal Year Ending December 31, _____**

Physical Occupancy _____%

* Preliminary, subject to change.

Economic Occupancy¹ _____%

¹The physical occupancy rate is the proportion of units that are occupied or leased by tenants. The economic occupancy rate is the proportion of the gross potential rent that is actually collected. As such, the economic occupancy takes into consideration items such as model units, employee units, discounted units, rent incentives, loss to lease and bad debt expense.

AUDITED FINANCIAL STATEMENTS

_____ Attached

_____ Audited financial statements of the Borrower for the period ending December 31, 20__ are not yet completed; therefore, no audited financial statements of the Borrower are being filed herewith. Unaudited financial statements for such period are attached in lieu of audited financial statements. Audited financial statements will be filed when available.

_____ No audited financial statements of the Borrower were prepared for the period ending December 31, ____; therefore, no audited financial statements of the Borrower are being filed herewith. Unaudited financial statements for such period are attached in lieu of audited financial statements.

EXHIBIT B

**NOTICE OF FAILURE TO
FILE ANNUAL DISCLOSURE REPORT**

Name of Issuer: City and County of San Francisco

Name of Issue: Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured) (Sunnydale HOPE SF Block 9) Series 2025B-1 and Multifamily Housing Revenue Bonds (Sunnydale HOPE SF Block 9) Series 2025B-2

Name of Borrower: Sunnydale Block 9 Housing Partners, L.P.

CUSIP: _____ (Series 2025B-1)
_____ (Series 2025B-2)

Date of Issuance: May __, 2025

NOTICE IS HEREBY GIVEN that the above-referenced borrower (the “Borrower”) has not provided an Annual Report with respect to the above-named Bonds as required by its Continuing Disclosure Agreement. The undersigned has been informed by the Borrower that it anticipates that Annual Report will be filed by _____.

DATED: _____

U.S. Bank Trust Company, National Association,
as Dissemination Agent

By: _____
Authorized Officer

cc: Borrower

EXHIBIT C

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF
PROJECT PLACED IN SERVICE**

Name of Issuer: City and County of San Francisco

Name of Bond Issue: Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured) (Sunnydale HOPE SF Block 9) Series 2025B-1 and Multifamily Housing Revenue Bonds (Sunnydale HOPE SF Block 9) Series 2025B-2

Name of Borrower: Sunnydale Block 9 Housing Partners, L.P.

Name of Project: Sunnydale HOPE SF Block 9

Address of Project: 1652 Sunnydale, San Francisco, CA. 94134

Date of Issuance: May __, 2025

NOTICE IS HEREBY GIVEN as per the requirements of the Continuing Disclosure Agreement, dated as of May 1, 2025, between the above-referenced borrower (the “Borrower”) and U.S. Bank Trust Company, National Association, as Dissemination Agent, that the Borrower has certified that the above-referenced project (the “Project”) is complete and placed in service by the Borrower as evidenced by a certificate from the Borrower confirming that the Project is placed in service for purposes of Section 42 of the Code.

Dated:

U.S. Bank Trust Company, National Association,
as Dissemination Agent

By: _____
Authorized Officer

cc: Borrower

EXHIBIT D

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF
EXTENSION OF MBS DELIVERY DATE DEADLINE**

Name of Issuer: City and County of San Francisco

Name of Bond Issue: Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured) (Sunnydale HOPE SF Block 9) Series 2025B-1

Name of Borrower: Sunnydale Block 9 Housing Partners, L.P.

Date of Issuance: May __, 2025

Original MBS Delivery Date Deadline:

Extended MBS Delivery Date Deadline:

NOTICE IS HEREBY GIVEN as per the requirements of the Continuing Disclosure Agreement, dated as of May 1, 2025, between the above-referenced borrower (the “Borrower”) and U.S. Bank Trust Company, National Association, as Dissemination Agent, that the Borrower has extended the MBS Delivery Date Deadline from the Original MBS Delivery Date Deadline to the Extended MBS Delivery Date Deadline, pursuant to the Indenture of Trust, dated as of May 1, 2025, between the Issuer and U.S. Bank Trust Company, National Association, as trustee.

Dated:

U.S. Bank Trust Company, National Association,
as Dissemination Agent

By: _____
Authorized Officer

cc: Borrower

EXHIBIT E

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF
DELIVERY OF THE MBS**

Name of Issuer: City and County of San Francisco

Name of Bond Issue: Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured) (Sunnydale HOPE SF Block 9) Series 2025B-1

Name of Borrower: Sunnydale Block 9 Housing Partners, L.P.

Name of Project: Sunnydale HOPE SF Block 9

Address of Project: 1652 Sunnydale Avenue, San Francisco, CA. 94134

Date of Issuance: May __, 2025

NOTICE IS HEREBY GIVEN as per the requirements of the Continuing Disclosure Agreement, dated as of May 1, 2025, between the above-referenced borrower (the “Borrower”) and U.S. Bank Trust Company, National Association, as Dissemination Agent, that the Borrower has certified that the MBS related to the above-referenced Bond Issue has been delivered by Fannie Mae to U.S. Bank Trust Company, National Association, as Trustee.

Dated:

U.S. Bank Trust Company, National Association,
as Dissemination Agent

By: _____
Authorized Officer

cc: Borrower

EXHIBIT F

FORM OF NOTICE OF PLACED IN SERVICE

\$(PAR AMOUNT B-1)*

City and County of San Francisco

**Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured)
(Sunnydale HOPE SF Block 9) Series 2025B-1**

\$(PAR AMOUNT B-2)*

City and County of San Francisco

**Multifamily Housing Revenue Bonds
(Sunnydale HOPE SF Block 9) Series 2025B-2**

The undersigned hereby provides notice to U.S. Bank Trust Company, National Association, a national banking association, as dissemination agent (the “Dissemination Agent”) that the multifamily rental housing facility known as Sunnydale HOPE SF Block 9 (the “Project”) has been placed in service in accordance with the Indenture of Trust, dated as of May 1, 2025, between the City and County of San Francisco (the “Issuer”) and U.S. Bank Trust Company, National Association, a national banking association, as Trustee (the “Trustee”), pursuant to which the above-captioned bonds were issued, as further evidenced by the attached Certificate of Occupancy.

SUNNYDALE BLOCK 9 HOUSING PARTNERS, L.P., a
California limited partnership

By: Related/Sunnydale Block 9 Development Co.,
LLC, a California limited liability company, its
administrative general partner

By: _____
Name: Ann Silverberg
Title: President

By: Sunnydale Block 9 LLC, a California limited
liability company, its managing general partner

By: Mercy Housing Calwest, a California
nonprofit public benefit corporation, its
sole member and manager

By: _____
Name: Elizabeth Kuwada
Title: Vice President

* Preliminary, subject to change.

ATTACHMENT

Certificate of Occupancy

APPENDIX H

TERM SHEET*

This Term Sheet assumes the related Mortgage Loan is originated in an amount equal to the maximum amount available under the Lender Commitment and that all the conditions to delivery of the MBS have been satisfied and have not been waived or modified. See “Multifamily Schedule of Loan Information” herein.

<i>\$(PAR AMOUNT B-1)*</i> <i>City and County of San Francisco</i> <i>Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured)</i> <i>(Sunnydale HOPE SF Block 9) Series 2025B-1</i> <i>POOL STATISTICS (AS OF CLOSING DATE)</i>	
<i>TAX-EXEMPT BOND AND MBS INFORMATION</i> <i>(Information provided by Issuer for this Official Statement)</i>	
<i>BOND ISSUER NAME</i>	<i>City and County of San Francisco (“Issuer”)</i>
<i>BOND ISSUE SERIES</i>	<i>Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured)</i> <i>(Sunnydale HOPE SF Block 9) Series 2025B-1</i>
<i>BOND ISSUE PAR</i>	<i>\$(PAR AMOUNT B-1)*</i>
<i>BOND DATED DATE</i>	<i>[]</i> , 2025
<i>BOND MATURITY DATE</i>	<i>[]</i> , provided that the final payment of principal with respect to the MBS will be made on <i>[]</i> , or the following Business Day if such day is not a Business Day, and will be passed through to the bondholders on the next Business Day.
<i>BOND ISSUE TAX STATUS</i>	<i>Excludable from gross income for federal tax purposes and state tax purposes, and not an item of tax preference for federal AMT. See “TAX MATTERS” in the Official Statement.</i>
<i>BOND ISSUE CUSIP</i>	<i>[]</i>
<i>COLLATERAL FOR THE BOND ISSUE</i>	<i>[Fannie Mae DUS MBS] (see pool info below)</i>
<i>MBS DELIVERY DATE DEADLINE</i>	<i>[]</i> , or, if such day is not a Business Day, the following Business Day, which may be extended in accordance with terms of the Indenture
<i>BOND ISSUE CREDIT RATING</i>	<i>Moody’s, “[]”</i>
<i>BOND CLOSING DATE</i>	<i>[]</i> , 2025
<i>BOND PAYMENT DATES</i>	<i>[] 1 and [] 1</i>
<i>BOND FIRST PAYMENT DATE</i>	<i>[] 1, 20[]</i>
<i>BOND INTEREST-ONLY PERIOD</i>	<i>From the Closing Date to, but not including, [] 1, 20[]</i>
<i>BOND FIRST PRINCIPAL PAYMENT DATE</i>	<i>[] 1, 20[]</i> , or, if such day is not a Business Day, the next Business Day.
<i>BOND FINAL PAYMENT DATE</i>	<i>[] 1, 20[]</i>
<i>BOND INTEREST ACCRUAL</i>	<i>30/360</i>
<i>BOND PREPAYMENT TERMS</i>	<i>See “DESCRIPTION OF THE BONDS —Redemption or Retirement of Bonds” in the Official Statement.</i>
<i>BOND OFFERING PRICE</i>	<i>100%</i>
<i>BOND UNDERWRITER</i>	<i>Wells Fargo Bank, National Association</i>

* Preliminary, subject to change.

MANDATORY REDEMPTION OF BONDS	See “DESCRIPTION OF THE BONDS — Mandatory Redemption of Bonds Prior to Maturity” in the Official Statement.
OPTIONAL REDEMPTION OF BONDS	The Bonds are not subject to optional redemption other than in connection with a prepayment of the Mortgage Loan.
BOND TRUSTEE	U.S. Bank Trust Company, National Association
UNDERLYING FANNIE MAE POOL STATISTICS (AS OF ISSUE DATE) <i>(Information provided by Lender for this Official Statement)</i>	
FANNIE MAE LOAN TYPE	Forward Delivery
NOTE RATE	[]%
POOL/LOAN MATURITY DATE	[]
EXPECTED MBS DELIVERY DATE	[]
NUMBER OF LOANS	1
POOL SECURITY FUNDS TRANSFER TYPE	Fed Wire
TRANSACTION TYPE	[DUS]
POOL FIRST PAYMENT DATE	25 th day of the month following the month in which the MBS is delivered, or the following Business Day if such day is not a Business Day
POOL FINAL PAYMENT DATE	[] 1, 20[], or the following Business Day if such day is not a Business Day
SECURITY TYPE	Fannie Mae MBS
POOL NUMBER	TBD
% OF INITIAL POOL BALANCE	100%
POOL PREFIX	[HY]
MULTIFAMILY SCHEDULE OF LOAN INFORMATION <i>(Information provided by Lender for this Official Statement)</i>	
FANNIE MAE LOAN NUMBER	TBD
TIER	[]
TIER DROP ELIGIBLE	[]
LIEN PRIORITY	[First]
WEIGHTED AVERAGE ISSUANCE UW NCF DSCR(x)	[]x
BALLOON	[]
OTHER DEBT NOT DISCLOSED HEREIN	[]
ISSUANCE UPB/UNIT	\$/[]
PREPAYMENT PREMIUM OPTION	[Yield Maintenance — CMT as defined in the Fannie Mae Multifamily MBS Prospectus]
PREPAYMENT PREMIUM TERM	[]
FIRST LOAN PAYMENT DATE	[] 1, 20[], assuming a Conversion Date of [] 1, 20[]
ORIGINAL TERM (MONTHS)	[] months
WEIGHTED AVERAGE AMORTIZATION TERM (MONTHS)	[] years ([] months)
INTEREST TYPE	[Fixed]
INTEREST ACCRUAL METHOD	[Actual/360]
INTEREST ONLY TERM (MONTHS)	[] months, assuming a Conversion Date of [] 1, 20[]
NOTE DATE	[] 1, 20[], assuming a Conversion Date of [] 1, 20[]
LOAN PURPOSE	New Construction
MONTHLY DEBT SERVICE	\$/[]
MONTHLY DEBT SERVICE AMOUNT PARTIAL IO	N/A

COLLATERAL INFORMATION <i>(Information provided by Lender for this Official Statement)</i>	
PROPERTY ID/DEAL ID	[]
PROPERTY NAME	Sunnydale HOPE SF Block 9
PROPERTY STREET ADDRESS	1652 Sunnydale Avenue, San Francisco, CA. 94134
PROPERTY CITY	San Francisco
PROPERTY STATE	California
PROPERTY ZIP CODE	94134
PROPERTY COUNTY	San Francisco
MSA	San Francisco
YEAR BUILT	[] Completion
PHYSICAL OCCUPANCY	[0% (New Construction)]
UNDERWRITTEN ECONOMIC OCCUPANCY	[]%
REMAINING AMORTIZATION TERM TO MATURITY	From [], to []
ISSUANCE LTV	[]%, which LTV is based on an underwritten value that is less than the purchase price
ALL-IN ISSUANCE LTV	[]%, which LTV is based on an underwritten value that is less than the purchase price
UNDERWRITTEN EFFECTIVE GROSS INCOME	\$[]
UNDERWRITTEN TOTAL OPERATING EXPENSES	\$[]
UNDERWRITTEN REPLACEMENT RESERVES	\$[] per unit per year
UW NCF (\$)	\$[]
CROSS-COLLATERALIZED (Y/N)	[]
CROSS-DEFAULTED (Y/N)	[]
GENERAL PROPERTY TYPE	Multifamily
SPECIFIC PROPERTY TYPE	[]
LAND OWNERSHIP RIGHTS	Housing Authority of the City and County of San Francisco
PROPERTY VALUE	\$[] (as of [], 20[])
SEISMIC RISK	[The Project meets Fannie Mae seismic requirements, if any.]
TERRORISM INSURANCE COVERAGE (Y/N)	[]
TOTAL NUMBER OF UNITS	95 (including one manager's unit)
AFFORDABLE HOUSING TYPE	Low Income Housing Tax Credit ("LIHTC") ([95] units)
TAXES CURRENTLY ESCROWED	[]
PROPERTY OWNER	Sunnydale Block 9 Housing Partners, L.P., a California limited partnership
SPONSOR	[Related Companies of California] [Mercy Housing CalWest]
PROPERTY MANAGER	See "PRIVATE PARTICIPANTS — The Property Manager" in the Official Statement.
PROPERTY MANAGER EXPERIENCE	See "PRIVATE PARTICIPANTS — The Property Manager" in the Official Statement.
UNIT OF MEASURE	Units
CRA INFORMATION <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 LOW INCOME HOUSING TAX CREDIT INCOME OR RENT RESTRICTION %	[100]% ([94] units)
AGE RESTRICTED INDICATOR	[]
TAX ABATEMENT	[]
FEDERAL TAX CREDIT INVESTOR	Wells Fargo Bank, National Association

<i>REGULATORY AGREEMENTS OVERSEER</i>	<i>City and County of San Francisco, CTCAC, State of CA HCD</i>
<i>REGULATORY AGREEMENT SET-ASIDES</i>	<i>/ .]</i>

APPENDIX I-1

PROPOSED FORM OF OPINION OF CO-BOND COUNSEL (KUTAK ROCK LLP)

The form of the approving legal opinion of Kutak Rock LLP, Co-Bond Counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the bonds referred to therein and may vary from the form set forth below to reflect circumstances both factual and legal at the time of such delivery.

[To be attached]

APPENDIX I-2

PROPOSED FORM OF OPINION OF CO-BOND COUNSEL (AMIRA JACKMON, ATTORNEY AT LAW)

The form of approving legal opinion of Amira Jackmon, Attorney at Law, Co-Bond Counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the bonds referred to therein and may vary from the form set forth below to reflect circumstances both factual and legal at the time of such delivery.

[To be attached]

No Fee Recording (Pursuant to
Government Code Section 27383)

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Office of the City Attorney
City and County of San Francisco
City Hall, 1 Dr. Carlton B. Goodlett Place, Room 234
San Francisco, California 94102
Attention: Finance Team

APN:

Property Address: 1652 Sunnydale Avenue, San Francisco, California

REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS

by and between the

CITY AND COUNTY OF SAN FRANCISCO

and

SUNNYDALE BLOCK 9 HOUSING PARTNERS, L.P.,
a California limited partnership

Dated as of May 1, 2025

Relating to:

City and County of San Francisco
Multifamily Housing Revenue Bonds
(Fannie Mae MBS-Secured) (Sunnydale HOPE SF Block 9)
Series 2025B-1

and

City and County of San Francisco
Multifamily Housing Revenue Bonds
(Sunnydale HOPE SF Block 9)
Series 2025B-2

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REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

This REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS is made and entered into as of May 1, 2025, 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 SUNNYDALE BLOCK 9 HOUSING PARTNERS, L.P., a California limited partnership (together with any permitted successors or assigns, the “Owner”), owner of a leasehold 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 amended and supplemented (collectively, the “Act”), the City is authorized to issue revenue bonds and other evidences of indebtedness to finance the acquisition, construction, and development of multifamily rental housing; and

B. WHEREAS, the Board of Supervisors of the City has authorized the issuance of multifamily mortgage revenue bonds under the Act in connection with the acquisition and construction of an affordable multifamily residential rental housing development consisting of a total of ninety-five (95) residential rental apartment units (one (1) of which will be a manager’s unit) and related fixtures, equipment, furnishings and site improvements, known collectively as “Sunnydale HOPE SF Block 9,” located in the City, as further described herein, (the “Project”), which 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 revenue bonds designated “City and County of San Francisco Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured) (Sunnydale HOPE SF Block 9) Series 2025B-1” and “City and County of San Francisco Multifamily Housing Revenue Bonds (Sunnydale HOPE SF Block 9) Series 2025B-2 (collectively, the “Bonds”) pursuant to the terms of an Indenture of Trust of even date herewith (the “Indenture”), between the City and ~~[Trustee]~~U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), the proceeds of which Bonds are to be loaned to the Owner pursuant to a Financing Agreement of even date herewith (the “Financing Agreement”) between the City and the Owner, to finance the acquisition and construction of the Project, pursuant to an Issuance Resolution (defined herein) ~~to finance the construction and development of the Project;~~; and

E. WHEREAS, simultaneously with the delivery of this Regulatory Agreement, the City, the Trustee and the Owner will enter into a Financing Agreement dated as of the date hereof (the “Financing Agreement”), whereby the City will make the Loan to the Owner and the Owner

agrees to make loan payments to the City in an amount which will be sufficient to enable the City to repay the Bonds and to pay all costs and expenses related thereto when due; and

FF. WHEREAS, the proceeds of a separate mortgage loan from Wells Fargo Bank, National Association to the Owner, together with other funds held under the Indenture, will initially secure the repayment of the Bonds up to the MBS Delivery Date and on and after the MBS Delivery Date, the Bonds will be secured by an MBS purchased by the Trustee from Fannie Mae on the MBS Delivery Date with funds held under the Indenture; and

G. 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 issuance of the Bonds, subject to the terms thereof, in all respects have been duly authorized; and

GH. 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, constructed, 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, construction and operation 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 are hereby 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” has the meaning set forth in Recital A of this Regulatory Agreement.

“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) 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) of this Regulatory Agreement.

“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 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 constructed 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 completion of the renovations.

“Bonds” has the meaning set forth in Recital C of this Regulatory Agreement.

“CDLAC” – The California Debt Limit Allocation Committee.

“CDLAC Requirements” – The requirements described in Section 4(a)(iv) of this Regulatory Agreement.

“CDLAC Resolution” – The resolution described in Section 4(a)(iv) of this Regulatory Agreement.

“Certificate of Continuing Program Compliance” – The Certificate with respect to the Project to be filed by the Owner 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 and executed by an Authorized Owner Representative.

“Certificate of Preference” – A residential Certificate of Preference issued by the City pursuant to the City’s Certificate of Preference Program, as further described in the Operational Rules attached hereto as Exhibit I.

“City” has the meaning set forth in the introductory paragraph of this Regulatory Agreement.

“Closing Date” – The date of the issuance of the Bonds, being on or about May ~~25~~, 2025.

“CNA” means a 20-year capital needs assessment or analysis of replacement reserve requirements, as further described in the CNA Policy.

“CNA Policy” means MOHCD’s Policy for Capital Needs Assessment dated November 5, 2013, as it may be amended from time to time.

“Code” – The Internal Revenue Code of 1986, as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of the issuance 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 construction of the Project required to be executed by an Authorized Owner Representative and delivered to the City and the Lender 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 construction of the Project, as that date shall be certified as provided in Section 2 of this Regulatory Agreement.

“Costs of Issuance” – 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 issuance fee and the annual fee). In the event of a conflict between this definition and the requirements of the Tax Certificate, the Tax Certificate shall control.

“CTCAC” – The California Tax Credit Allocation Committee.

“Declaration of Restrictions – Gap Loan” – The Declaration of Restrictions and Affordable Housing Covenants (1652 Sunnydale Avenue), related to the Project and the Gap Loan, executed by the Owner.

“Facilities” – The multifamily buildings, structures and other improvements on the Site to be acquired, constructed, improved, rehabilitated and equipped, 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” – Has the definition given to it in the Recitals hereto.

“Gap Loan” – Collectively, the loans from the City, acting through MOHCD, to the Owner and evidenced by the Amended and Restated Financing Agreement (Amended and Restated Financing Agreement (City and County of San Francisco 2019 General Obligation Bond For Affordable Housing, Low and Moderate Income Housing Asset Fund, Hope SF General Funds, Home Program, Housing Trust Fund, and 2024 General Obligation Bond For Affordable Housing), dated as of May 1, 2025, between the City, acting thru MOHCD and the Owner relating to the Project.

“General Partners” – Sunnydale Block 9 LLC, a California limited liability company, and Related/Sunnydale Block 9 Development Co., LLC, a California limited liability company and/or any other Person that the partners of Owner, with the prior written approval of City, and the Lender (to the extent required pursuant to the Bond Documents (as defined in the Indenture), 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 Bond Documents and hereunder.

“Ground Lease” – The Ground Lease Agreement, between the Owner, as lessee and the Housing Authority ~~of the City and County of San Francisco~~, as the lessor, pursuant to which the Housing Authority ~~of the City and County of San Francisco~~ is leasing the Site to the Owner.

“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.

“Indenture” ~~has~~Has the meaning set forth in Recital C of this Regulatory Agreement.

“Investor Limited Partner” – Collectively, Wells Fargo Bank, ~~N.A.~~National Association, and any successor or assignee that has been admitted as an investor limited partner of the Owner in accordance with the Partnership Agreement.

“Issuance Resolution” – The resolution adopted by the Board of Supervisors of the City on [Issuance Reso Adopt Date], and approved by the Mayor on [Issuance Reso Approv Date], approving the issuance of the Bonds to finance a portion of the Project.

“Lender” has the meaning set forth in the Indenture.

“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 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 the 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 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.

“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.

“MOHCD” – The City’s Mayor’s Office of Housing and Community Development.

“Operational Rules” – The Operational Rules for San Francisco Housing Lotteries and Rental Lease Up Activities that are referenced in Exhibit I and incorporated herein.

“Owner” has the definition given to it in the introductory paragraph of this Regulatory Agreement.

“Partnership Agreement” – The Amended and Restated Agreement of Limited Partnership Agreement relating to Owner, by and ~~between~~among the General ~~Partner and~~Partners, the Investor Limited Partner and The Nicholas Company, Inc., a Delaware corporation, as withdrawing limited partner.

“Permitted Encumbrances” has the definition given to it in the Security Instrument.

“Person” means any individual, for-profit or not for profit corporation, partnership, joint venture, association, limited liability company, limited liability partnership, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“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 multifamily housing projects financed with bonds or Bonds, which shall be the City initially 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” has the meaning set forth in Recital B of this Regulatory Agreement, including the Facilities and the Site.

“Project Costs” – To the extent authorized by the Code, the Regulations and the Act, any and all costs, fees and expenses incurred by the Owner associated with the acquisition, construction and equipping of the Project for use as affordable rental housing, including, but not limited to, the cost of materials, appliances, equipment, and other items of tangible personal property, the fees and expenses of architects, contractors, engineers, attorneys, accountants, developers, surveyors, payment of capitalized interest, payment of certain costs and expenses incidental to the issuance

of the Bonds and payment of any other costs shown on the Cost Breakdown (as defined in the Financing Agreement).

“Qualified Project Costs” – The Project Costs paid with respect to the Project Facilities that meet each of the following requirements: (i) the costs are properly chargeable to capital account (or would be so chargeable with a proper election by the Owner or but for a proper election by the Owner to deduct such costs) in accordance with general Federal income tax principles and in accordance with Regulations §1.103-8(a)(1), provided, however, that only such portion of interest accrued during rehabilitation or construction of the Project Facilities (in the case of rehabilitation, with respect to vacated units only) shall be eligible to be 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 interest accruing after the date of completion of the construction or rehabilitation of the Project Facilities shall not be a Qualified Project Cost; and provided still further that if any portion of the Project Facilities is being constructed or rehabilitated by an Affiliated Party or persons or entities treated as related to the Owner within the meaning of Sections 1504, 267 and 707 of the Code (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 constructing or rehabilitating the Project Facilities (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 Facilities, 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 or construction of the Project Facilities or payments received by such Affiliated Party due to early completion of the Project Facilities (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code; (iii) the costs are paid after the earlier of 60 days prior to the date of a declaration of “official intent” to reimburse costs paid with respect to the Project Facilities (within the meaning of §1.150-2 of the United States Treasury Regulations) or the date of issue of the Bonds; and (iv) if the Project Costs were previously paid and are to be reimbursed with proceeds of the Bonds such costs were (A) costs of issuance of the Bonds, (B) preliminary capital expenditures (within the meaning of Regulations §1.150-2(f)(2)) with respect to the Project Facilities (such as architectural, engineering and soil testing services) incurred before commencement of acquisition or construction of the Project Facilities that do not exceed twenty percent (20%) of the issue price of the Bonds (as defined in Regulations §1.148-1), or (C) were capital expenditures with respect to the Project Facilities that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid or the date the rehabilitation of the Project Facilities is placed in service (but no later than three (3) years after the expenditure is paid). Qualified Project Costs do not include Costs of Issuance. In the event of any conflict between this definition and the requirements of the Tax Certificate, the Tax Certificate shall control.

“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 Bonds with respect to the Project are outstanding;

(c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act, if any, 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 seventy-five (75) years due to casualty, then the end date of the Life of the Project controls; or

(e) such later date, if any, as may be provided in Section 5, Section 6 or Section 26 hereof.

“Qualified Tenant” – A Very Low-Income Tenant and 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 Very Low-Income Unit and a 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”).

“Security Instrument” – The ~~{Construction~~ Leasehold Deed of Trust, ~~Security Agreement, with Absolute~~ Assignment of Leases and Rents-, Security Agreement, and Fixture Filing~~},~~ dated as of the date hereof, executed by Owner in favor of ~~the City~~Wells Fargo Bank, National Association, as construction lender, encumbering the Project.

“Site” – The parcel or parcels of real property leased to the Owner by Housing Authority ~~of the City and County of San Francisco~~ and described in Exhibit A, which is attached hereto, and all rights and appurtenances thereto.

“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, dated the Closing Date, executed by the City.

“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” – With respect to the status of interest on the Bonds, 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 Bonds 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.

“Trustee” – ~~[Trustee]~~, U.S. Bank Trust Company, National Association, a national banking association, and its successors and assigns.

“Very Low-Income Tenant” means any Tenant whose Adjusted Income does not exceed fifty percent (50%) 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 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 Restricted 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 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 Construction 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 construction of the Project, pursuant to which the Owner is or will be obligated to expend at least five percent (5%) of the aggregate principal amount of the Bonds for the payment of Qualified Project Costs.

(b) The Owner's reasonable expectations respecting the total cost of the construction of the Project and the disbursement of proceeds of the Bonds are accurately set forth in the Tax Certificate, which has been delivered to the City on the Closing Date.

(c) The Owner will proceed with due diligence to complete the construction of the Project and expects to expend the maximum authorized amount of the Loan 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)~~ stated maturity date with respect to the Bonds or (3) the fifth anniversary of the Closing Date.

(e) No later than five (5) days after the Completion Date, the Owner will submit to the City and the Lender 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 Lender a duly executed and completed Certificate as to Commencement of Qualified Project Period, in the form of Exhibit E attached 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 issuance 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 the 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 (i) the office is located on the premises of the facilities constituting the Project and (ii) 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 to comply with Section 142(d)(1)(B) of the Code with respect to the Project. 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 constructed for the purpose of providing 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) the Ground Lease, (iii) the Gap Loan and the Declaration of Restrictions – Gap Loan, (~~iii~~iv) any regulatory or restrictive use agreement to which the Project is or becomes subject pursuant to Section 42 of the Code, (~~iv~~v) any additional tenant income and rent restrictions imposed by the City, (~~v~~vi) any other federal, State or local governmental agencies that imposes any additional tenant income and rent restrictions, and (~~vi~~vii) any other legal or contractual requirement not excepted by clauses (i) through (v) of this subsection, upon receipt by the Owner, the Lender 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 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, except to the extent required hereby.

(i) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by 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 the requirements of the Code and the Regulations, condemnation or similar event, or upon the occurrence of foreclosure, transfer of title by assignment of the leasehold interest in the Project in lieu of foreclosure, the Owner covenants that, within a “reasonable period” determined in accordance with the Regulations, it will either prepay the Bonds or, if permitted under the provisions of the Security Instrument and the Indenture, 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 completion of the construction 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 and the Security Instrument.

(k) The Project will have and continue to have fifty-five (55) residential dwelling units, one (1) of which will be 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 with respect to the Project as follows:

(a) Income and Rent Restrictions. In addition to the requirements of Section 5, hereof, the Owner with respect to the Project shall comply with the income and rent restrictions of this Section 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) Low Income Units. A total of twenty-three (23) of the Available Units in the Project shall be rented to and continuously occupied by households who qualify as Low-Income 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 Median Income for the Area, less the utility allowance, provided however that the monthly rent charged for the Low-Income Units receiving a rental or operating subsidy, if any, shall be as determined in accordance with the Declaration of Restrictions – Gap Loan.

(ii) Very Low-Income Units. A total of seventy-one (71) of the Available Units in the Project shall be rented to and continuously occupied by households who qualify as Very Low-Income Tenants. The monthly rent charged for all the Very Low-Income Units shall not exceed one-twelfth of the amount obtained by multiplying 30% times 50% of the Median Income for the Area, less the utility allowance, provided however that the monthly rent charged for the Very Low-Income Units receiving a rental or operating subsidy shall be as determined in accordance with the Declaration of Restrictions – Gap Loan.

(iii) Additional MOHCD Restrictions. In addition to the above paragraphs (a)(i) and (a)(ii), all Restricted Units shall at all times be occupied, or held vacant and available for rental, as required by the Declaration of Restrictions – Gap Loan, except where otherwise expressly restricted or prohibited by any CDLAC Requirement. Notwithstanding anything to the contrary contained herein, to the extent that the Declaration of Restrictions – Gap Loan allow for rent and income restrictions to increase in certain circumstances, the restrictions set forth in paragraphs (a)(i) and (a)(ii) shall permit the same, except where otherwise expressly restricted or prohibited by any CDLAC Requirement.

(iv) 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: (1) to comply with the CDLAC Resolution; (2) that the acquisition, construction, 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. 24-255 adopted on December 11, 2024, attached hereto as Exhibit F (the “CDLAC Resolution”), which CDLAC Requirements are incorporated herein by this reference; and (3) 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 expressly set forth in this Regulatory Agreement, but referred to in the CDLAC Requirements, is the responsibility of the Owner to report to the City.

After the Bonds are issued, 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 any of the CDLAC Requirements require CDLAC Committee or Executive Director’s approval.

In addition to its obligations to CDLAC set forth in the CDLAC Requirements, annually, on February 1st, until construction of the Project has been completed and the Owner has submitted to the City the Certificate of Completion, and thereafter on February 1st every three years, the Owner shall prepare and submit to the City a Certificate of Compliance II in the form required by CDLAC and referenced in the CDLAC Resolution, executed by an Authorized Owner Representative.

Any of the foregoing requirements of CDLAC contained in this Section 4(a)(iv) may be expressly waived by CDLAC, in its sole discretion, in writing, provided however that (y) no waiver of CDLAC of any requirement of this Section 4(a)(iv) 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 Tax-Exempt status of interest on the Bonds for federal income tax purposes; and (z) any requirement of this Section 4(a)(iv) 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.

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.

(v) 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 or thirty-eight (38) 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. The Owner shall satisfy the requirements of this Subsection 4(a)(v) by complying with the requirements of Subsections 4(a)(i) and 4(a)(ii), as applicable, to the extent such compliance meets the requirements of Section 142(d)(1)(B) of the Code.

(vi) 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, or thirty-eight (38) 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 (1/12th) of the amount obtained by

multiplying thirty percent (30%) times sixty percent (60%) of the Median Income for the Area (excluding any supplemental rental assistance from the State, the Federal government, or any other public agency to those occupants or on behalf of those units), (b) less the utility allowance. The Owner shall satisfy the requirements of this Subsection 4(a)(vi) by complying with the requirements of Subsections 4(a)(i) and 4(a)(ii), as applicable, to the extent such compliance meets the requirements of Section 52080(a)(1)(B) of the Housing Law.

(vii) Restricted Units. Because all of the units in the Project (excluding the manager's unit) are required to be Restricted Units pursuant to Section 4(a) hereof, any Available Unit must be rented to or held vacant for a Very-Low Income Tenant or Low-Income Tenant.

(viii) Income and Rent Restrictions in Event of Loss of Subsidy. If a Section 8 or other rental subsidy related to the Project is terminated, discontinued or reduced, the occupancy and rent restrictions set forth in Sections 4(a)(i) and (ii) may be altered with respect to the Restricted Units, 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, one hundred percent (100%) of the Restricted Units must at all times be occupied by Qualified Households whose Adjusted Income does not exceed 60 percent (60%) of Median Income for the Area and the monthly rent paid by the Qualified Households may not exceed (a) thirty percent (30%) of sixty percent (60%) of Median Income for the Area. To the extent financially feasible, as mutually determined by the Parties, any such rent increase will be limited to (or will be first implemented with) any vacant units. In such event, the City shall use good faith efforts to meet with Owner within fifteen (15) days after Owner's 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.

(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, in each case in the form attached hereto as Exhibit B, 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 (in the form of that which is attached hereto as Exhibit D). 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 or not intentional) 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 Subsection 4(c) hereof and that failure to cooperate with the annual recertification process reasonably instituted by the Owner pursuant to Subsection 4(c) above 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 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 or subleases 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 and, in the opinion of Tax Counsel acceptable to the City, in its sole discretion, such noncompliance would not have an adverse effect on any exclusion of interest on the Bonds from gross income for federal income tax purposes, in which event the Owner shall have such additional time as the City determines to be reasonably necessary to effect such correction provided the Owner has commenced such correction after discovery, is diligently prosecuting such correction and is keeping the City updated on the 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 Median Income for the Area, as applicable. 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 ~~MidPen Property~~Mercy Housing Management ~~Corporation~~Group without the prior written consent of the City, which consent shall not be unreasonably withheld or delayed.

(e) Certificate of Preference Program. To the fullest extent permitted by law, the Owner shall comply with the City's Certificate of Preference Program pursuant to San Francisco Administrative Code Section 24.8 and the Operational Rules referenced in Exhibit I, to the extent such compliance is not in conflict with any other requirements imposed on the Project pursuant to the Gap Loan, Sections 42 and 142(d) of the Code, the Act, the CDLAC Resolution, CTCAC requirements or other applicable 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, if applicable, 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). Further, Owner shall comply with all notice provisions set forth in the Housing Act prior to terminating any lease to which any Tenant is a party. 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) Income Provisions after Expiration of Qualified Project Period. Notwithstanding the provisions of Subsection 6(f), the parties agree, from and after the expiration of the Qualified Project Period, that (i) Subsection 6(f)(i) shall no longer apply and (ii) units reserved for occupancy as required by Subsection 4(a)(v) shall remain available to any eligible Tenant occupying a Restricted Unit at the date of such expiration, at the rent determined by Subsection 4(a)(v), and (iii) such expiration shall not be the cause for termination of a Tenant's tenancy in a Restricted Unit except as expressly provided in Subsection 6(f)(ii), Subsection 6(f)(iii), except that the reference to 30 years shall be seventy-five (75) years, and Subsection 6(f)(iv).

(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 voluntarily agreed to by the Owner in consideration of financial assistance from the City and an allocation of private activity bond volume cap from CDLAC.

(i) Amendment or Waiver by City; Conflicting Provisions. The requirements of Subsections 4(a)(i) and 4(a)(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 Subsections 4(a)(i) or 4(a)(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, then the term of the Life of the Project controls; provided that certain provisions of this Section 5 shall survive and remain in full force and effect following the end of the Qualified Project Period, as specified in Section 11 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 referred to in Exhibit J, as may be updated by the City from time to time.

(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 referenced in Exhibit H, 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.

(m) Capital Needs Assessment. Owner must file with the City a CNA every five (5) years, with the initial CNA due 5 years from the Completion Date. The CNA must be in the form referenced in Exhibit H, as may be updated or revised by the City from time to time.

6. 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) [Reserved].

(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 6(e) shall have no practical effect because one hundred percent (100%) of the units in the Project (except the one manager unit) 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 and redemption of the Bonds, assignment of the leasehold 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)(v) 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)(v), until the earliest of (i) the household's income exceeds one hundred-forty percent (140%) of the maximum eligible income specified therein (except as otherwise specified in Subsection 5(g)), (ii) the household voluntarily moves or is evicted for good cause, as defined in the Housing Law, (iii) thirty (30) years after the date of the commencement of the Qualified Project Period except as otherwise specified in Subsection 5(g)), 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. Nothing in this Subsection 6(g) or in Subsection 6(f) shall be interpreted to require the City to monitor Owner's compliance herewith or with Subsection 6(f).

(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 if the Partnership Agreement will not be amended, modified or supplemented in connection with such syndication except to reflect such transfer of limited partnership 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 syndication, written notice of such subsequent syndication certifying that no other amendment, modification or supplement to the Partnership Agreement will be effected in connection with such syndication except to the limited 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 MOHCD, which approval shall be granted only after the City determines that the terms and conditions of such syndication (i) will not reduce or limit any of the requirements of the Act or regulations adopted or documents executed pursuant to the Act, (ii) will not cause any of the requirements of the City set forth in this Section 6 to be subordinated to the syndication agreement, and (iii) will 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 agreement.

7. Indemnification. The Owner hereby releases the City (which includes MOHCD), the Trustee and the Lender and their respective officers, members, directors, officials and employees from, and covenants and agrees, to the fullest extent permitted by law, to indemnify, hold harmless and defend the City, the Trustee, the Lender 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 Indenture, the Loan or the Bonds, 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 Loan, the Bonds or otherwise, including without limitation, any advances of the Loan or Bonds or any failure of the Lender to make any advance thereunder; (c) arising from any act or omission of the Owner or any of its agents, servants, employees or licensees, in connection with the Loan or the Project; (d) arising in connection with the issuance and sale, resale or reissuance of any Bonds 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 construction of, the Project or any part thereof; and (f) arising out of or in connection with the exercise by the City, the Lender 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 or assignee; provided, however, that this provision shall not require the Owner to indemnify (i) the Lender from any claims, costs, fees, expenses or liabilities arising from the negligence or willful misconduct of the Lender 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 (which may include the City Attorney of the City); 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 on the Bonds or 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, to the fullest extent permitted by law, pay and discharge and shall indemnify and hold harmless the City, the Lender, and the Trustee from (i) any lien or charge upon payments by the Owner to the City, the Lender, 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, the Lender, 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 (which may be or include the City Attorney of the City) 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 10 of this Regulatory Agreement, the Owner shall remain obligated to indemnify the City pursuant to this Section 7 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 7 shall survive the term of the Bonds and this Regulatory Agreement, including the termination of this Regulatory Agreement pursuant to the second paragraph of Section 11 hereof and the earlier removal or resignation of the Trustee.

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.

8. Consideration. The City has issued the Bonds and made the Loan to provide funds for the purpose of financing the Project, all for the purpose, among others, of inducing the Owner to acquire, construct, equip and operate the Project. In consideration of the making of the Loan 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.

9. 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.

10. 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 [Purchase Option and the Right of First Refusal Agreement as each are 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 and/or pursuant to the aforementioned [Purchase Option and Right of First Refusal Agreement]) 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 Loan, 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 and of 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 10 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 10 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 10 shall not apply to the granting of the Security Instrument (or the exercise of remedies thereunder following an uncured event of default) or 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 paragraph (i) of Section 6), or (b) thea General Partner interest to an affiliate of thea General Partner or an affiliate of Wells Fargo Bank, N.A. if the Investor Limited Partner if the Investor Limited Partner has removed and replaced thesuch General Partner for cause pursuant to the Partnership Agreement, or (c) the transfer of any non-managing member or limited partner interest in the Investor Limited Partner; provided however that such grant, exercise or transfer 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. Notwithstanding the foregoing sentence, promptly upon the occurrence of any of such transfer, grant, or exercise of remedies under the Security Interest (including, but not limited to a foreclosure), the transferee or subsequent owner shall provide to the City evidence satisfactory to the City that such transferee or new owner has acknowledged in writing, and in full, that the duties and obligations of the "Owner" under Sections 3, 4 and 5 of this Regulatory Agreement and any provisions thereof relating to the enforcement of such provisions or remedies resulting from any breach thereof shall survive and continue to constitute an encumbrance on the Project.

11. Term. Subject to the following paragraph of this Section 11, Section 7 hereof and to 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 ~~issuance~~execution and delivery and shall remain in full force and effect until the later of (a) the end of the Qualified Project Period or (b) seventy-five (75) years after the date on which at least fifty percent (50%) of the units in the Project are first occupied.

The terms of this Regulatory Agreement 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 assignment of the leasehold interest in the Project 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 determined in accordance with the Regulation, either the Bonds are paid in full or cancelled 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 an assignment of the leasehold interest in 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 assignment of the leasehold 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. 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 herein above. Notwithstanding the preceding provisions of this Section, Owner, including without limitation, any successor to any Owner pursuant to an event set forth in clause (ii), above, of this paragraph, agrees that Sections 3, 4 and 5 of this Regulatory Agreement (and any provisions relating to the enforcement of such provisions or remedies resulting from any breach thereof) shall survive the termination of this Regulatory Agreement pursuant to the preceding provisions of this paragraph and remain in full force and effect until the end of the Qualified Project Period.

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 herein 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 issuance of such

instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

12. 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 expiration or termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire except those terms which are expressly intended to survive expiration or 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.

13. 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 Tenants and Very Low-Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Bonds was issued.

14. 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.

15. 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 Lender and the Trustee, provided however that the failure of the City to provide such copy to the Lender and 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, 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, subject, however, to those limits on exercising remedies set forth in Section 7.28.02 of the Financing Agreement.

Notwithstanding anything contained in this Regulatory Agreement to the contrary, the occurrence of an event of default under this Regulatory Agreement shall not be deemed, under any circumstances whatsoever, to be a default under the Security Instrument except as may be otherwise specified in the Security Instrument.

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.

16. 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, California 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.

17. Payment of Fees. The Owner shall pay to the City, or to the Trustee at the direction of the City on each anniversary date of the Closing Date that occurs during the term of this Regulatory Agreement, (i) an annual fee equal to 0.125% multiplied by the aggregate outstanding principal amount of the Bonds, for each such anniversary date occurring prior to the date on which the Bonds has been discharged in full and (ii) an annual fee equal to \$2,500 for each such anniversary date occurring from and after the date on which the Bonds has been discharged in full (in either case (i) or (ii), the “Annual Fee”), provided, however, that the Annual Fee shall be lowered, from time to time, to such amount as set forth in a letter of the City’s financial advisor indicating the maximum amounts that may be charged on a going-forward basis to prevent the yield on the Loan from exceeding the yield on the Bonds by more than 0.125% for purposes of Treas. Reg. Sec. 1.148-2(d) (the “Maximum Annual Fee”), and shall be increased, from time to time, to the then-current Maximum Annual Fee if the then-current Annual Fee is lower than such Maximum Annual Fee. For purposes of clause (ii) of the preceding sentence, the “average outstanding principal amount of the Bonds in the previous twelve (12) months” shall be calculated by summing the actual outstanding principal amounts of the Bonds as of the 26th day of each of the twelve (12) calendar months preceding the due date of the subject Annual Fee, and dividing such sum by twelve (12).

Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Indenture and/or the Financing Agreement, the Owner shall continue to pay the City's Annual Fee as calculated and described above. 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.

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 reasonable attorney's fees and other reasonable expenses incurred by the City, the Lender, the Trustee, CDLAC and/or the Program Administrator in connection with such action.

18. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California.

19. 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, the Lender and the Owner, to the effect that such amendment will not adversely affect the Tax-Exempt status of interest on the Bonds.

20. City Contracting Provisions. The Owner covenants and agrees to comply with the City Contracting Provisions set forth in Exhibit G to this Regulatory Agreement, which are incorporated in and made a part of this Regulatory Agreement by this reference.

21. Notice. All notices, certificates or other communications shall be sufficiently given and shall be deemed given (i) on the date personally delivered, (ii) on the second business day following the date on which the same have been mailed by first class mail, postage prepaid, (iii) by facsimile or other electronic means (including email), and deemed given one business day after such facsimile or electronic transmission but only upon prompt receipt of such notice by first class or overnight mail, or (iv) the business day following delivery by a recognized overnight delivery service, addressed as follows:

If to the City:

City and County of San Francisco
City Hall, 1 Dr. Carlton B. Goodlett Place, Room 316
San Francisco, California 94102
Attention: City Controller

With copies to: (None of which copies shall constitute notice to the City)

City and County of San Francisco
City Hall, 1 Dr. Carlton B. Goodlett Place, Room 140
San Francisco, California 94102
Attention: City Treasurer
Facsimile: 415-554-4672
Email: Jose.Cisneros@sfgov.org

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

Office of the City Attorney
City Hall, 1 Dr. Carlton B. Goodlett Place, Room 234
San Francisco, California 94102
Attention: Finance Team

~~Office of the City Attorney~~
~~City Hall, 1 Dr. Carlton B. Goodlett Place, Room 234~~
~~San Francisco, California 94102~~
~~Attention: Finance Team~~

City and County of San Francisco
Office of Public Finance
City Hall, 1 Dr. Carlton B. Goodlett Place
Room 336
San Francisco, CA 94102
~~Attention: Finance Team~~

If to the Owner:

Sunnydale Block 9 Housing Partners, L.P.
c/o The Related Companies of California
44 Montgomery Street, Suite 1310
San Francisco, CA 94104
Attn: Ann Silverberg
Email: asilverberg@related.com

With a copy to (which
copy shall not constitute
notice):

Sunnydale Block 9 Housing Partners, L.P.
c/o The Related Companies of California
18201 Von Karman Ave, Suite 900
Irvine, CA 92612
Attn: ~~President~~Asset Management

Sunnydale Block 9 Housing Partners, L.P.
c/o Mercy Housing California
1256 Market Street
San Francisco, CA 94102
Attn: Elizabeth Kuwada
Email: elizabeth.kuwada@mercyhousing.org

Gubb & Barshay
235 Montgomery Street, Suite 1110
San Francisco, CA 94104
Attn: Erica Williams Orcharton
Email: ewilliams@gubbandbarshay.com

~~Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, Suite 5880
Los Angeles, CA 90071
Attn: Nicole Deddens
Email: ndeddens@bocarsly.com~~

Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, Suite 5880
Los Angeles, CA 90071
Attn: Nicole Deddens
Email: ndeddens@bocarsly.com

If to the Investor Limited
Partner:

Wells Fargo Bank, National Association
~~Community Lending and Investment~~
~~MAC# A0101-069~~
~~420 Montgomery~~550 S. Tryon Street, ~~6th~~
23rd Floor, D1086-239
Charlotte, NC 28202-4200
Attention: Director of Tax Credit Asset Management

With copies to (which
copies shall not constitute
notice):

Sidley Austin LLP
One South Dearborn
Chicago, IL 60603
Attention: Philip C. Spahn

If to the Lender:	Wells Fargo Bank, National Association Community Lending and Investment MAC# A0101-069 <u>A0119-182</u> 333 Market Street, 18th Floor San Francisco, CA 94104 <u>Attention: Eric Leimbach</u>
With copies to (which copies shall not constitute notice):	KMO Partners, LLP 3777 Long Beach Boulevard, Suite 280 Long Beach, CA 90807
<u>and to the Loan Servicer:</u>	<u>Wells Fargo Bank, National Association</u> <u>1715 Pinnacle Drive, 8th Floor</u> <u>McLean, Virginia 22102</u> <u>Email: WFMCServicing@wellsfargo.com</u> <u>RE: Sunnydale HOPE SF Block 9 – Wells Fargo Multifamily Capital</u>
<u>With a copy to:</u>	<u>Dameon Rivers, Esquire</u> <u>Troutman Pepper Hamilton Sanders LLP</u> <u>P.O. Box 1122</u> <u>Richmond, Virginia 23218-1122</u>
<u>If to the Trustee:</u>	<u>U.S. Bank Trust Company, National Association</u> <u>One California Street, Suite 1000</u> <u>Mail Code: SF-CA-SFCT</u> <u>San Francisco, CA 94111</u> <u>Attn: Andrew Fung, Vice President</u>
<u>With a copy to:</u>	<u>Dorsey & Whitney</u> <u>600 Anton Boulevard, Suite 2000</u> <u>Costa Mesa, CA 92626</u> <u>Attn: Mark Justen, Esq</u>
If to Fannie Mae:	<u>Fannie Mae</u> <u>1100 15th Street, NW</u> <u>Drawer AM</u> <u>Washington, DC 20005</u> <u>Attention: Director, Multifamily Asset Management</u> <u>Telephone: (301) 204-8008</u> <u>Facsimile: (301) 280-2065</u> <u>RE: Sunnydale HOPE SF Block 9 – Wells Fargo Multifamily Capital</u>

With copies to (which
copies shall not constitute
notice):

Fannie Mae
1100 15th Street, NW
Drawer AM
Washington, DC 20005
Attention: Vice President, Multifamily Operations
Telephone: (301) 204-8422
Facsimile: (202) 752-8369

RE: Sunnydale HOPE SF Block 9 – Wells Fargo
Multifamily Capital

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.

22. Interpretation. 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.

23. 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.

24. 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, and the parties hereto acknowledge that the Lender, the Trustee and CDLAC are 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 15 hereof, the terms hereof and the terms of the CDLAC Resolution. Notwithstanding the above, CDLAC shall be entitled solely to enforce the terms of the CDLAC Resolution, and any enforcement of the terms and provisions of the CDLAC Resolution by CDLAC shall not adversely affect the interests of the Lender or the Trustee, and shall otherwise be subject to the terms, conditions and limitations otherwise applicable to the enforcement of remedies under this Regulatory Agreement pursuant to Section 52080(k) of the Housing Law, the provisions of Subsection 4(a)(v) 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.

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.

After the Bonds are issued, 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 any of the CDLAC Requirements require CDLAC Committee or Executive Director's approval.

26. California Debt and Investment Advisory Commission Reporting Requirements.

No later than January 31 of each calendar year (commencing January 31, 2026), 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 and the Bonds have been fully spent.

27. Fannie Mae Rider. The Fannie Mae Rider to Regulatory Agreement (the "Rider") attached to this Regulatory Agreement as Exhibit K forms an integral part of this Regulatory Agreement and, upon the making of the Loan (as defined in the Rider), the terms thereof are hereby incorporated in this Regulatory Agreement.

[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,
acting by and through the Mayor's Office of
Housing and Community Development

By: _____

Daniel Adams
Director, Mayor's Office of Housing and
Community Development

Approved as to Form:

DAVID CHIU
City Attorney

By _____

Heidi J. Gewertz
Deputy City Attorney

[Signatures Continue on Following Page.]

[SIGNATURE PAGE TO REGULATORY AGREEMENT – SUNNYDALE HOPE SF BLOCK 9]

OWNER:

SUNNYDALE BLOCK 9 HOUSING PARTNERS, L.P.
a California limited ~~liability~~ partnership

By: Related/Sunnydale Block 9 Development Co., LLC,
a California limited liability company,
its administrative general partner

By: _____
Ann Silverberg, President

By: Sunnydale Block 9 LLC
a California limited liability company
its managing general partner

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation,
its sole member and manager

By: _____
Elizabeth Kuwada, Vice President

[SIGNATURE PAGE TO REGULATORY AGREEMENT – SUNNYDALE HOPE SF BLOCK 9]

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

- ☐ 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)

DESCRIPTION OF ATTACHED DOCUMENT

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

- ☐ 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)

DESCRIPTION OF ATTACHED DOCUMENT

Title Or Type Of Document

Number Of Pages

Date Of Documents

Signer(s) Other Than Named Above

EXHIBIT A

LEGAL DESCRIPTION OF THE SITE

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

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 Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured) (Sunnydale HOPE SF Block 9) Series 2025B-1) and City and County of San Francisco Multifamily Housing Revenue Bonds (Sunnydale HOPE SF Block 9) Series 2025B-2)-~~and~~

The undersigned (the "Owner") hereby certifies that all aspects of the construction of the Project (as that term is used in the Regulatory Agreement and Declaration of Restrictive Covenants (Sunnydale HOPE SF Block 9), dated as of May 1, 2025, by and between the City and County of San Francisco and the Owner (the "Regulatory Agreement")) were substantially completed and available for occupancy by tenants in the Project as of _____.

1. The undersigned hereby certifies that:

(a) the aggregate amount disbursed on the Loan (as that term is used in the Regulatory Agreement) to date is \$ _____;

(b) all amounts disbursed on the Loan have been applied to pay or reimburse the undersigned for the payment of Project Costs (as that term is used in the Regulatory Agreement) and none of the amounts disbursed on the Loan 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), at least 95 percent of the amounts disbursed on the Loan (as that term is used in the Regulatory Agreement) have been applied to pay or reimburse the Owner for the payment of Qualified Project Costs (as that term is used in the Regulatory Agreement) and less than 25 percent of the amounts disbursed on the Loan, 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.

[Signature Appears on Next Page.]

OWNER:

SUNNYDALE BLOCK 9 HOUSING PARTNERS, L.P.
a California limited ~~liability~~ partnership

By: Related/Sunnydale Block 9 Development Co., LLC,
a California limited liability company,
its administrative general partner

By: _____
Ann Silverberg, President

By: Sunnydale Block 9 LLC
a California limited liability company
its managing general partner

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation,
its sole member and manager

By: _____
Elizabeth Kuwada, Vice President

EXHIBIT D

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Project Name: Sunnydale HOPE SF Block 9

CDLAC Application Number: 24-686

CDLAC Resolution Number: 24-255

Property Address: 1652 Sunnydale Avenue, San Francisco, California

Project Completion Date (if completed, otherwise mark NA): _____

Name of Obligation: City and County of San Francisco Multifamily Housing Revenue Bonds ((Fannie Mae MBS-Secured)) (Sunnydale HOPE SF Block 9) Series 2025B-1 and City and County of San Francisco Multifamily Housing Revenue Bonds (Sunnydale HOPE SF Block 9) Series 2025B-2

The undersigned, being the authorized representative of Sunnydale Block 9 Housing Partners, L.P., a California limited partnership (the “Owner”), hereby certifies that they have read and are 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 May 1, 2025(the “Regulatory Agreement”), between the Owner and the City; and

1. the Financing Agreement, dated as of May 1, 2025, among the City, the Trustee and the Owner.

Terms used herein and not otherwise defined shall have the meaning ascribed thereto in the Regulatory Agreement.

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 ~~waswere~~ issued, 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 forty (40%), excluding the 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 Low-Income Tenants and Very Low-Income Tenants, or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Low-Income and Very Low-Income Tenant vacated such unit, as indicated below:

Occupied by Low-Income Tenants:

Studio units: _____	Unit Nos. _____
1 bedroom units: _____	Unit Nos. _____
2 bedroom units: _____	Unit Nos. _____
3 bedroom units: _____	Unit Nos. _____
4 bedroom units: _____	Unit Nos. _____

Total percentage occupied by Low-Income Tenants: _____

Held vacant for occupancy continuously since last occupied by a Low-Income Tenant:

_____%; Unit Nos. _____

Vacant Units:

_____%; Unit Nos. _____

Occupied by Very Low-Income Tenants:

Studio units: _____	Unit Nos. _____
1 bedroom units: _____	Unit Nos. _____
2 bedroom units: _____	Unit Nos. _____
3 bedroom units: _____	Unit Nos. _____
4 bedroom units: _____	Unit Nos. _____

Total percentage occupied by Very Low-Income Tenants: _____

Held vacant for occupancy continuously since last occupied by a Very Low-Income Tenant:

_____%; Unit Nos. _____

Vacant Units:

_____%; 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 40% of the occupied units in the Project (excluding the manager's unit) 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 Low-Income and Very Low-Income 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 Security Instrument.] [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):

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.

DATED: _____

OWNER:

SUNNYDALE BLOCK 9 HOUSING PARTNERS, L.P.
a California limited ~~liability~~ partnership

By: Related/Sunnydale Block 9 Development Co., LLC,
a California limited liability company,
its administrative general partner

By: _____
Ann Silverberg, President

By: Sunnydale Block 9 LLC
a California limited liability company
its managing general partner

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation,
its sole member and manager

By: _____
Elizabeth Kuwada, Vice President

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: Executive Director

City and County of San Francisco Multifamily Housing Revenue Bonds ((Fannie Mae MBS-Secured)) (Sunnydale HOPE SF Block 9) Series 2025B-1 and City and County of San Francisco Multifamily Housing Revenue Bonds (Sunnydale HOPE SF Block 9) Series 2025B-2

The undersigned, being the authorized representative(s) of Sunnydale Block 9 Housing Partners, L.P., a California 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 _____.

[Signature Page Follows]

DATED: _____

OWNER:

SUNNYDALE BLOCK 9 HOUSING PARTNERS, L.P.
a California limited ~~liability~~ partnership

By: Related/Sunnydale Block 9 Development Co., LLC,
a California limited liability company,
its administrative general partner

By: _____
Ann Silverberg, President

By: Sunnydale Block 9 LLC
a California limited liability company
its managing general partner

By: Mercy Housing Calwest,
a California nonprofit public benefit corporation,
its sole member and manager

By: _____
Elizabeth Kuwada, Vice President

Acknowledged:

City and County of San Francisco

By: _____
Name, Title

EXHIBIT F
CDLAC RESOLUTION

[See Attached]

EXHIBIT G

CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS

The following provisions shall apply to this Regulatory Agreement as if set forth in the text thereof. Capitalized terms used but not defined in this Exhibit shall have the meanings given in this Regulatory Agreement (referred to herein as “Agreement”).

1. Nondiscrimination Requirements.

(a) *Nondiscrimination in Contracts.* Owner shall comply with the provisions of San Francisco Labor and Employment Code Articles 131 and 132. Owner shall incorporate by reference in all subcontracts the provisions of Sections 131.2(a), 131.2(c)-(k), and 132.3 of the San Francisco Labor and Employment Code and shall require all subcontractors to comply with such provisions. ~~Owner is subject to the enforcement and penalty provisions in Articles 131 and 132. Owner shall comply with the provisions of San Francisco Labor and Employment Code Articles 131 and 132. Owner shall incorporate by reference in all subcontracts the provisions of Sections 131.2(a), 131.2(c)-(k), and 132.3 of the San Francisco Labor and Employment Code and shall require all subcontractors to comply with such provisions.~~ Owner is subject to the enforcement and penalty provisions in Articles 131 and 132.

(b) *Nondiscrimination in the Provision of Employee Benefits.* San Francisco Labor and Employment Code Article 131.2 applies to this Agreement. 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 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 Labor and Employment Code Article 131.2.

2. MacBride Principles—Northern Ireland. The provisions of San Francisco Administrative Code Chapter 12F are incorporated herein by this reference and made part of this Agreement. By signing this Agreement, Owner confirms that Owner has read and understood that 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. Pursuant to San Francisco Environment Code Section 804(b), City urges 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. City reserves the right to deny access to, or require Owner to remove from, City facilities personnel of the Owner or subcontractor who City has reasonable grounds to believe has engaged in alcohol abuse or illegal drug activity which in

any way impairs City's ability to maintain safe work facilities or to protect the health and well-being of City employees and the general public. 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 Laws Requiring Access for People with Disabilities. Owner acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to people with disabilities: as specifically provided in the ADA. Owner shall provide the services specified in this Agreement in a manner that complies with the ADA and all other applicable federal, state and local disability rights legislation. Owner agrees not to discriminate against people with disabilities in the provision of services, benefits or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of Owner, its employees, agents or assigns will constitute a material breach of this Agreement.

6. Sunshine Ordinance. Owner acknowledges that this Agreement and all records related to its formation, Owner's performance of services pursuant to this Agreement, and City's payment are subject to the California Public Records Act, (California Government Code § 7920 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, Owner acknowledges its obligations under Section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with, or is seeking a contract with, any department of 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, for a grant, loan or loan guarantee, or for a development agreement, from making any campaign contribution to (i) a City elected official if the contract must be approved by that official, a board on which that official serves, or the board of a state agency on which an appointee of that official serves; (ii) a candidate for that City elective office; or (iii) a committee controlled by such elected official or a candidate for that office, at any time from the submission of a proposal for the contract until the later of either the termination of negotiations for such contract or twelve months after the date City approves the contract. The prohibition on contributions applies to each prospective party to the contract; each member of Owner's board of directors; Owner's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than ten percent (10%) in Owner; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Owner. Owner certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

8. Minimum Compensation Ordinance. Labor and Employment Code Article 111 applies to this Agreement. Owner shall pay covered employees no less than the minimum compensation required by San Francisco Labor and Employment Code Article 111, including a minimum hourly gross compensation, compensated time off, and uncompensated time off. Owner is subject to the enforcement and penalty provisions in Article 111. Information about and the text of Article 111 is available on the web at <http://sfgov.org/olse/mco>. Owner is required to comply with all of the applicable provisions of Article 111, irrespective of the listing of obligations in this Section. By signing and executing this Agreement, Owner certifies that it complies with Article 111.

9. Requiring Health Benefits for Covered Employees. Labor and Employment Code Article 121 applies to this contract. Owner shall comply with the requirements of Article 121. For each Covered Employee, Owner shall provide the appropriate health benefit set forth in Article 121.3 of the HCAO. If Owner chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission. Information about and the text of Article 121, as well as the Health Commission's minimum standards, is available on the web at <http://sfgov.org/olse/hcao>. Owner is subject to the enforcement and penalty provisions in Article 121.

10. Prohibition on Use of Public Funds for Political Activity. In performing services pursuant to this Agreement, Owner shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by 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. Owner is subject to the enforcement and penalty provisions in Chapter 12G.

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

In the performance of its services, Owner may have access to, or collect on City's behalf, City Data, which may include proprietary or Confidential Information that if disclosed to third parties may damage City. If City discloses proprietary or Confidential Information to Owner, or Owner collects such information on City's behalf, such information must be held by Owner in confidence and used only in performing the Agreement. 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. Owner agrees to comply fully with and be bound by all of the provisions of Article 142, "City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions," of the San Francisco Labor and Employment Code ("Article 142"), including the remedies provided, and implementing regulations, as may be amended from time to time. The

provisions of Article 142 are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of Article 142 is available on the web at <http://sfgov.org/olse/fco>. Owner is required to comply with all of the applicable provisions of Article 142, 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 Article 142.

The requirements of Article 142 shall only apply to an 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. Article 142 shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

13. Submitting False Claims; Monetary Penalties. The full text of San Francisco Administrative Code Section 21.35, including the enforcement and penalty provisions, is incorporated into this Agreement. Any contractor or subcontractor who submits a false claim shall be liable to City for the statutory penalties set forth in that section.

14. Conflict of Interest. By executing this Agreement, 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 City if it becomes aware of any such fact during the term of this Agreement.

15. Food Service Waste Reduction Requirements. 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 remedies for noncompliance provided therein.

16. Laws Incorporated by Reference. The full text of the laws listed in this Appendix, including enforcement and penalty provisions, are incorporated by reference into this Agreement. The full text of the San Francisco Municipal Code provisions incorporated by reference in this Appendix and elsewhere in the Agreement ("Mandatory City Requirements") are available at http://www.amlegal.com/codes/client/san-francisco_ca/

17. First Source Hiring Program. Owner must comply with all of the applicable provisions of the First Source Hiring Program, Chapter 83 of the San Francisco Administrative Code, that apply to this Agreement; and Owner is subject to the enforcement and penalty provisions in Chapter 83.

18. Prevailing Wages. Services to be performed by Owner under this Agreement may involve the performance of work covered by the California Labor Code Sections 1720 and 1782, as incorporated within Section 6.22(e) of the San Francisco Administrative Code, or San Francisco

Administrative Code Chapter 102 (collectively, “Covered Services”), which is incorporated into this Agreement as if fully set forth herein and will apply to any Covered Services performed by Owner.

19. Assignment. The Services to be performed by Owner are personal in character. ~~This~~Except as otherwise provided in this Agreement, this Agreement may not be directly or indirectly assigned, novated, or otherwise transferred unless first approved by 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.

20. Cooperative Drafting. This Agreement has been drafted through a cooperative effort of City and Owner, and both 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.

EXHIBIT H

FORM OF REPORTS

The form of the Annual Monitoring Report and the CNA (Fannie Mae Form 4327) may be downloaded from the Mayor's Office of Housing and Community Development website at the following link:

<https://sf.gov/resource/2022/compliance-monitoring>

EXHIBIT I

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/Inclusionary%20Manuals/Preferences%20Manual%20-%20%203.31.2017_0.pdf

EXHIBIT J

MARKETING AND TENANT SELECTION PLAN

The Marketing Plan and Tenant Selection Plan (also referred “Resident Section Criteria”) 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/Inclusionary%20Manuals/Preferences%20Manual%20-%20%203.31.2017_0.pdf

EXHIBIT K

FANNIE MAE RIDER

THIS FANNIE MAE RIDER TO REGULATORY AGREEMENT (“Rider”) is attached to and forms a part of the REGULATORY AGREEMENT (“Regulatory Agreement”), dated as of May 1, 2025, 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 SUNNYDALE BLOCK 9 HOUSING PARTNERS, L.P., a California limited partnership (together with any permitted successors or assigns, the “Owner”), owner of a leasehold interest in the land described in Exhibit A attached thereto.

1. **Definitions.** All capitalized terms used in this Rider have the meanings given to those terms in the Regulatory Agreement or the Indenture, as applicable.

2. **Applicability.** This Rider shall amend and supplement the Regulatory Agreement. In the event any provision of this Rider conflicts with the Regulatory Agreement, this Rider shall supersede the conflicting provision of the Regulatory Agreement. This Rider shall apply in spite of the fact that the covenants, reservations and restrictions of the Regulatory Agreement run with the land and may be deemed applicable to any successor in interest to the Borrower.

3. **Obligations not Secured by the Mortgaged Property.** The Regulatory Agreement shall not constitute a mortgage, equitable mortgage, deed of trust, deed to secure debt or other lien or security interest in the Project and the Site (collectively, the “Mortgaged Property”). None of the obligations of the Borrower or any subsequent owner of the Mortgaged Property under the Regulatory Agreement shall be secured by a lien on, or security interest in, the Mortgaged Property. All such obligations are expressly intended to be and shall remain unsecured obligations. The occurrence of an event of default under the Regulatory Agreement shall not impair, defeat or render invalid the lien of the Security Instrument.

4. **Subordination.** The terms, covenants and restrictions of the Regulatory Agreement, other than those set forth in Sections 3-6 and this Rider, are and shall at all times remain subject and subordinate, in all respects, to the liens, rights and interests created under the Financing Documents. Upon a conveyance or other transfer of title to the Mortgaged Property by foreclosure, deed in lieu of foreclosure or comparable conversion of the Loan, the Person who acquires title to the Mortgaged Property pursuant to such foreclosure, deed in lieu of foreclosure or comparable conversion of the Loan (unless such Person is the Borrower or a Person related to the Borrower within the meaning of Section 1.103-10(e) of the Regulations, in which event the

Regulatory Agreement shall remain in full force and effect in its entirety) shall acquire such title free and clear of the terms, covenants and restrictions of the Regulatory Agreement, other than those set forth in Sections 3-6 and this Rider and, from and after the date on which such Person acquires title to the Mortgaged Property, the terms, covenants and restrictions of the Regulatory Agreement, other than those set forth in Sections 3-6 and this Rider, shall automatically terminate and be of no force and effect; provided that Sections 3-6 and this Rider shall also terminate and be of no force or effect under the circumstances set forth in Section 3-6 of the Regulatory Agreement.

5. **Obligations Personal.** The Issuer agrees that no owner of the Mortgaged Property (including Fannie Mae) subsequent to the Borrower will be liable for, assume or take title to the Mortgaged Property subject to:

(a) any failure of any prior owner of the Mortgaged Property to perform or observe any representation or warranty, affirmative or negative covenant or other agreement or undertaking under the Regulatory Agreement; and

(b) the payment of any indemnification, compensation or any accrued unpaid fees, costs, expenses or penalties otherwise owed by any prior owner of the Mortgaged Property under the Regulatory Agreement.

The Borrower and each subsequent owner of the Mortgaged Property shall be responsible under the Regulatory Agreement for its own acts and omissions occurring during the period of its ownership of the Mortgaged Property. All such liability and obligations shall be and remain personal to such person even after such person ceases to be the owner of the Mortgaged Property.

6. **Sale or Transfer; or Incurrence of Additional Indebtedness**

(a) **Restrictions Not Applicable to Certain Transfers.** All provisions of the Regulatory Agreement regarding the sale or transfer of the Mortgaged Property or of any interest in the Borrower, including any requirement, limitation or condition precedent for any of (i) the consent of the Issuer or the Trustee to such transfer, (ii) an agreement by any transferee to abide by the requirements and restrictions of the Regulatory Agreement, (iii) transferee criteria or other similar requirements, (iv) an opinion of legal counsel and (v) the payment of any assumption fee, transfer fee, penalty or other charges, shall not apply to any of the following:

(1) any transfer of title to the Mortgaged Property to Fannie Mae or to a third party by foreclosure, deed in lieu of foreclosure or comparable conversion of any lien on the Mortgaged Property or to any subsequent transfer by Fannie Mae (or a third party) following such foreclosure, deed in lieu of foreclosure or comparable conversion;

—J

K-3—Marketing and Tenant Selection Plan

Hunters Point Shipyard Block 56

(2) any execution and delivery of a mortgage, deed of trust, deed to secure debt or other lien by the Borrower to secure any additional indebtedness of the Borrower which is originated by a lender for sale to Fannie Mae or guaranteed or otherwise credit enhanced by Fannie Mae; and

(3) provided that no Bonds are then Outstanding or all Bonds are to be simultaneously fully paid, redeemed or defeased, any execution and delivery of a mortgage, deed of trust, deed to secure debt or other lien by the Borrower to secure any indebtedness incurred by the Borrower which effectively refinances the Loan.

(b) **Incurrence of Additional Indebtedness.** All the provisions of the Regulatory Agreement relating to the incurrence of additional indebtedness, including but not limited to any requirement, limitation or condition precedent for the consent of the Issuer to such incurrence of additional indebtedness, will not apply to any “Supplemental Loan” or similar loan, originated by a Fannie Mae DUS lender and sold and/or assigned to Fannie Mae, which is secured by the Property and subordinate in priority of lien to the Loan.

(c) **Fannie Mae Rights to Consent Not Impaired.** Nothing contained in the Regulatory Agreement shall affect any provision of the Security Instrument or any other Financing Document which requires the Borrower to obtain the consent of Fannie Mae as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Mortgaged Property or of any direct or indirect interest in the Borrower, excluding transfers permitted by the Security Instrument.

(d) **Conclusive Evidence.** Any written consent to a sale or transfer obtained from the Issuer shall constitute conclusive evidence that the sale or transfer is not a violation of the transfer provisions of the Regulatory Agreement.

7. **Damage, Destruction or Condemnation of the Mortgaged Property.** In the event that the Mortgaged Property is damaged or destroyed or title to the property, or any part thereof, is taken through the exercise or the threat of the exercise of the power of eminent domain, the Borrower shall comply with all applicable requirements of the Security Instrument and the other Financing Documents.

8. **Regulatory Agreement Default.** Notwithstanding anything contained in the Regulatory Agreement to the contrary:

(a) The occurrence of an event of default under the Regulatory Agreement shall not impair, defeat or render invalid the lien of the Security Instrument.

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K-4—Marketing and Tenant Selection Plan

Hunters Point Shipyard Block 56

(b) The occurrence of an event of default under the Regulatory Agreement shall not be or be deemed to be a default under the Financing Documents, except as may be otherwise specified in the Financing Documents.

The Issuer and the Trustee acknowledge and agree that none of the Issuer, the Trustee or any Person under their control shall exercise any remedies or direct any proceedings under this Regulatory Agreement without the prior written consent of Fannie Mae other than to enforce rights of specific performance or injunctive relief under the Regulatory Agreement.

9. **Amendments.** The Issuer shall not consent to any amendment, supplement to, or restatement of the Regulatory Agreement without the prior written consent of Fannie Mae.

10. **Termination.** The Regulatory Agreement may be terminated upon agreement by the Issuer, the Trustee, and the Borrower upon receipt of an opinion of a nationally recognized bond counsel acceptable to the Trustee that such termination will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income purposes. So long as the Bonds have been redeemed or are redeemed within a reasonable period thereafter, the Regulatory Agreement shall terminate and be of no further force or effect from and after the date of any transfer of title to the Mortgaged Property by foreclosure, deed in lieu of foreclosure or comparable conversion of any lien on the Mortgaged Property; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained in the Regulatory Agreement shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure or the delivery of a deed in lieu of foreclosure or a similar event, the Borrower or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Mortgaged Property for federal income tax purposes.

11. **Third-Party Beneficiary.** The parties to the Regulatory Agreement recognize and agree that the terms of the Regulatory Agreement and the enforcement of those terms are essential to the security of Fannie Mae and are entered into for the benefit of various parties, including Fannie Mae. Fannie Mae shall accordingly have contractual rights in the Regulatory Agreement and shall be entitled (but not obligated) to enforce, separately or jointly with the Issuer and/or the Trustee, or to cause the Issuer or the Trustee to enforce, the terms of the Regulatory Agreement. In addition, the Borrower and the Issuer intend that Fannie Mae be a third-party beneficiary of the Regulatory Agreement.

12. **Copies of Notices under the Regulatory Agreement.** Copies of all notices under the Regulatory Agreement shall be sent to the Loan Servicer at the address set forth in Section 21 of the Regulatory Agreement or to such other address as the Loan Servicer may from time to time designate.

—J

13. **Notices.** Any notice to be given to Fannie Mae shall be sent to Fannie Mae at the address set forth in Section 21 of the Regulatory Agreement or to such other address as Fannie Mae may from time to time designate.

_____J

K-6—Marketing and Tenant Selection Plan

Hunters Point Shipyard Block 56

4862-7611-0557.10



SUNNYDALE HOPE SF BLOCKS 7 & 9

65 Santos St. &
1652 Sunnydale Ave.

BUDGET AND FINANCE
COMMITTEE

APRIL 9, 2025

HOPE SF // MAYOR'S OFFICE OF HOUSING
AND COMMUNITY DEVELOPMENT

HOPE SF

Launched in 2007, HOPE SF is the nation's first large-scale community development and reparations initiative aimed at creating vibrant, inclusive mixed-income communities without mass displacement of the original residents.

The four HOPE SF sites—Hunters View, Sunnydale, Potrero & Potrero Annex, and Alice Griffith—share the goal of eradicating intergenerational poverty by:

- Ensuring No Loss of Public Housing.
- Creating an Economically Integrated Community.
- Maximizing the Creation of New Affordable Housing.
- Involving Residents in the Highest Levels of Participation in the Entire Project.
- Providing Economic Opportunities through the Rebuilding Process.
- Integrating Process with Neighborhood Improvement Revitalization Plans.
- Creating Economically Sustainable and Accessible Communities.
- Building a Strong Sense of Community.



SUNNYDALE HOPE SF BLOCKS 7 & 9

Budget and Finance Committee – April 9, 2025

1

File #250286

Resolution authorizing execution and delivery of tax-exempt and taxable bond funds of up to \$53,305,000 (Block 7)

2

File #250287

Resolution authorizing execution and delivery of tax-exempt and taxable bond funds of up to \$57,075,000 (Block 9)

3

File #250288

Resolution approving MOHCD loan agreement up to \$18,050,000 (Block 7)

4

File #250289

Resolution approving MOHCD loan agreement up to \$30,200,000 (Block 9)



SUNNYDALE BLOCK 7

- 5th 100% affordable development at Sunnydale HOPE SF
- Development Sponsors are Mercy Housing California and Related California
- 88 affordable units, one non-restricted manager's unit (89 total)
- 67 units set aside for existing Sunnydale public housing residents at 50% SF AMI
- Remaining units at 70% SF AMI

FINANCING

- Total Costs: \$107.6M
 - MOHCD: \$18.05M
 - AHSC: \$18.5M
 - Tax Credit Equity: \$49M
 - Other: \$22.05M

TIMELINE

- Construction to begin May 2025
- Construction finish Feb 2027
- Lease up Complete Sept 2027





SUNNYDALE BLOCK 9

- 6th 100% affordable development at Sunnydale HOPE SF
- Development Sponsors are Related California and Mercy Housing California
- 94 affordable units, one non-restricted manager's unit (95 total)
- 71 units set aside for existing Sunnydale public housing residents at 50% SF AMI
- Remaining units at 80% SF AMI

FINANCING

- Total Costs: \$113.5M
 - MOHCD: \$30.2M
 - Tax Credit Equity: \$51M
 - Other: \$32.3M

TIMELINE

- Construction to begin May 2025
- Construction finish Feb 2027
- Lease up Complete Sept 2027





Jason Luu, *Policy Director*
HOPE SF

Ryan Vanzuylen, *Senior Project Manager*
Mayor's Office of Housing and Community Development

Thank you!

PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, the following good faith estimate is provided by the lender, at the request of the borrower (the "Borrower") identified below, 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 as identified below.

1. Name of Borrower: Sunnydale Block 9 Housing Partners, L.P.
2. Meeting Date: /2025.
3. Name of Bond Issue / Conduit Revenue Obligations: City and County of San Francisco Multifamily Housing Revenue Bonds (Fannie Mae MBS-Secured) (Sunnydale HOPE SF Block 9) Series 2025B-1 the "Series B-1 Bonds" and City and County of San Francisco Multifamily Housing Revenue Bonds (Sunnydale HOPE SF Block 9) Series 2025B-2 (the "Series B-2 Bonds" and, together with the Series B-1 Bonds, the "Bonds").
4. Private Placement Lender or Bond Purchaser, X 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 Series B-1 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 the Series B-1 Bonds (to the nearest ten-thousandth of one percent): 4.9000%. The true interest cost of the Series B-2 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 the Series B-2 Bonds (to the nearest ten-thousandth of one percent): 3.2000%.
 - (B) The finance charge of the Series B-1 Bonds, which means the sum of all fees and charges paid to third parties: \$1,741,215 (consisting of \$950,185 paid upfront and \$791,030 during the term of the Series B-1 Bonds and through the end of the compliance period). The finance charge of the Series B-2 Bonds, which means the sum of all fees and charges paid to third parties: \$1,018,888 (consisting of \$845,505 paid upfront and \$173,383 during the term of the Series B-2 Bonds and through the end of the compliance period).
 - (C) The amount of proceeds received by the public body for sale of the Series B-1 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 Series B-1 Bonds: \$30,000,000. The amount of proceeds received by the public body for sale of the Series B-2 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 Series B-2 Bonds: \$27,050,000.
 - (D) The total payment amount, which means the sum total of all payments the borrower will make to pay debt service on the Series B-1 Bonds plus the finance charge of the Series B-1 Bonds described in subparagraph (B) not paid with the proceeds of the Series B-1 Bonds (which total payment amount shall be calculated

to the final maturity of the Series B-1 Bonds): \$61,141,215 (consisting of total debt service of \$59,400,000 and the finance charge noted in paragraph B). The total payment amount, which means the sum total of all payments the borrower will make to pay debt service on the Series B-2 Bonds plus the finance charge of the Series B-2 Bonds described in subparagraph (B) not paid with the proceeds of the Series B-2 Bonds (which total payment amount shall be calculated to the final maturity of the Series B-2 Bonds): \$30,521,421 (consisting of total debt service of \$29,502,533 and the finance charge noted in paragraph B).

This document has been made available to the public at the Meeting of the City.



CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

901 P Street, Suite 213A
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

MALIA M. COHEN
STATE CONTROLLER

INTERIM EXECUTIVE DIRECTOR
MARINA WIAINT

December 11, 2024

Eric D. Shaw
Director
City and County of San Francisco
1 South Van Ness Ave, 5th Floor
San Francisco, CA 94103

RE: RESOLUTION ATTESTING TO THE TRANSFER OF PRIVATE ACTIVITY BOND ALLOCATION

Dear Eric D. Shaw:

Enclosed is a copy of Resolution No. 24-255, adopted by the California Debt Limit Allocation Committee (the "Committee") on December 11, 2024, transferring \$57,075,000.00 of the 2024 State Ceiling on Qualified Private Activity Bonds to the City and County of San Francisco (the "Applicant") for the Sunnydale HOPE SF Block 9 (the "Project"). The Resolution No. 24-255 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, a performance deposit to one-half of one percent (0.5%) of the Allocation requested, not to exceed \$100,000, made payable to the Applicant, shall be evidenced within 20 calendar days following an award of an Allocation.

The performance deposit certified in support of this project (\$100,000) is to remain on deposit until you receive authorization from the Committee that it may be released. This written release will be provided once the Committee receives: the "Report of Action Taken" template indicating that the allocation transferred was used for the Project's issuance of bonds, 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 Executive Director's approval if at least 80% of the allocation to this project 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 (Certificate pursuant to Section 149(e)(2)(F) Internal Revenue Code of 1986, As Amended) will be prepared by CDLAC staff and sent to the Applicant's bond counsel once the Committee receives the Report of Action Taken template from the Applicant.

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.

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: <https://www.treasurer.ca.gov/cdlac/compliance.asp>. Failure to submit Compliance may result in disqualification from future program participation.

Sincerely,

A handwritten signature in blue ink, appearing to read "Marina Wiant".

Marina Wiant
Interim Executive Director

Enclosures

cc: William Wilcox, City and County of San Francisco
Ronald E. Lee, Esq., Jones Hall, A Professional Law Corporation
Thu Nguyen, Sunnydale Block 9 Housing Partners, L.P.

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

RESOLUTION NO. 24-255

**A RESOLUTION TRANSFERRING A PORTION OF THE 2024 STATE CEILING
ON QUALIFIED PRIVATE ACTIVITY BONDS FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

WHEREAS, the California Debt Limit Allocation Committee ("CDLAC") is authorized to implement the volume limit for the state on private activity bonds established pursuant to federal law, annually determine a state ceiling on the aggregate amount of private activity bonds that may be issued, and allocate that aggregate amount among state and local agencies (Gov. Code, § 8869.81 et seq.); and

WHEREAS, CDLAC 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 2024 state ceiling for use by the Applicant to issue bonds or other obligations ("Bonds") for Sunnydale HOPE SF Block 9 ("Project") as described in Exhibit A; and

WHEREAS, Sunnydale Block 9 Housing Partners, L.P. ("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 to the Applicant for the benefit of the Project, CDLAC staff has relied upon the written facts and information represented in the Application by the Project Sponsor and the Applicant; and

WHEREAS, it is consistent with CDLAC's statutes and regulations for CDLAC to transfer a portion of the 2024 state ceiling ("Allocation") to benefit the Project;

NOW, THEREFORE, BE IT RESOLVED by the California Debt Limit Allocation Committee the following:

Section 1. An amount of the 2024 state ceiling on the aggregate amount of private activity bonds equal to \$57,075,000.00 shall be transferred to the Applicant. This Allocation shall be used only by the Applicant and only for the issuance of the Bonds for the Project, as described in Exhibit A. 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, shall be bound by those terms and conditions. The Applicant shall monitor the Project for compliance with the terms and conditions of this Resolution. The Project shall be subject to the monitoring provisions of California Code of Regulations, title 4, sections 10337(c) and 5220.

Section 3. A modification to the Project made prior to the issuance of the Bonds that impacts the Resolution shall be reported to the Executive Director and, if the Executive Director determines that modification to be material pursuant to CDLAC's statutes and regulations, the material modification shall be brought back to CDLAC for consideration before the Allocation may be used for the Project. After the Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by CDLAC through an action for specific performance or other available remedy.

In addition, after the Bonds are issued, a change to any of the Items of Exhibit A shall require CDLAC or Executive Director approval for the term of the commitment.

Section 4. A material change in the structure of the Bonds sale prior to the issuance of the Bonds and not previously approved by CDLAC shall require approval of the CDLAC Chair or the Executive Director.

Section 5. The transfer of the proceeds from the sale of the Bonds to a project other than the Project may be allowed only with the prior approval of the Executive Director in consultation with the CDLAC Chair.

Section 6. The Applicant is authorized to use the Allocation 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 except to CDLAC.

Section 7. If the Applicant has not issued the Bonds pursuant to the Allocation by the close of business on July 21, 2025, the Applicant shall notify CDLAC and carry forward the Allocation to the next approved project to be awarded a bond allocation pursuant to California Code of Regulations, title 4, section 5133. The Executive Director may extend this date by up to ninety (90) days if the extension is needed due to circumstances outside the control of the owner.

Section 8. Within twenty-four (24) hours of using the Allocation to issue the Bonds, the Applicant shall notify CDLAC at CDLAC@treasurer.ca.gov that the Allocation has been used. This notice shall identify the Applicant, the Project or qualified residential rental project, the date the Allocation was used, and the amount of the Allocation used.

Section 9. Within fifteen (15) calendar days of the Bonds closing, the Applicant or its counsel shall submit a completed "Report of Action Taken Regarding the Issuance of Private Activity Bonds", as made available by CDLAC.

Section 10. Differences between the amount of the Bonds issued and the amount of the Allocation granted in Section 1 shall be retained by the Applicant as required by 26 U.S.C. §146(f)(3)(A) regarding carryforward elections. The use of a Carryforward Allocation shall be consistent with California Code of Regulations, title 4, section 5133.

Section 11. CDLAC staff is directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain a copy in the Applicant's official records for the term of the Bonds or the term of the income and rental restrictions, whichever is longer. CDLAC staff shall retain a copy of this Resolution in the files of CDLAC, or any successor agency, for the same term.

Section 12. In consideration of the Allocation, the Applicant and Project Sponsor shall comply with all the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. The Applicant and Project Sponsor shall expressly agree that the terms and conditions of this Resolution may be enforced by CDLAC through an action for specific performance or any other available remedy, provided CDLAC agrees not to take any action or enforce any remedy that would be materially adverse to the interests of Bondholders. The Applicant and Project Sponsor shall ensure the Bond documents, as appropriate, expressly state CDLAC is a third-party beneficiary of the terms and conditions set forth in this Resolution.

Section 13. Either the "Certification of Compliance II for Qualified Residential Rental Projects" or "Certification of Compliance II for Non-Qualified Residential Rental Projects" shall be submitted by the Project Sponsor to the Applicant no later than March 1st annually until the Project's applicable "Certificate of Completion" has been submitted by the Project Sponsor to the Applicant. An "Annual Applicant Public Benefits and Ongoing Compliance Self-Certification" shall be annually submitted online by the Applicant to CDLAC until the applicable "Certificate of Completion" has been submitted by the Project Sponsor to the Applicant. Following the submission of the applicable "Certificate of Completion" to the Applicant, the applicable "Certification of Compliance II" shall be submitted by the Project Sponsor to the Applicant no later than March 1st, and no later than March 1st every three years thereafter, pursuant to California Code of Regulations, title 4 section 5144. Verification to CDLAC of income and rental information shall not be required prior to the submission of the applicable "Certificate of Completion." A copy of the applicable "Certification of Compliance II" may be found at: <http://www.treasurer.ca.gov/cdlac/forms.asp>. Failure to submit compliance documents may result in disqualification from future participation for qualified residential rental projects.

RESOLUTION NO. 24-255

Page 3 of 3

Section 14. All relevant bond documents for the Bonds shall permit principal payments or prepayments on the underlying loan(s) as transferred proceeds in a bond preservation and recycling program as permitted by 26 U.S.C. 146(i)(6) and shall require no less than thirty (30) days' notice to CDLAC and the Applicant prior to the redemption of the Bonds at conversion to permanent financing.

Section 15. This Resolution shall take effect immediately upon its adoption.

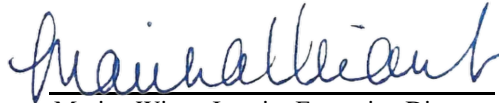
* * *

CERTIFICATION

I, Marina Wiant, Interim 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 Paul Bonderson Building, 901 P Street, 1st Floor, Sacramento, California 95814, on December 11, 2024 with the following votes recorded:

AYES:	State Treasurer Fiona Ma, CPA Michele Perrault for Governor Gavin Newsom State Controller Malia M. Cohen
-------	--

NOES:	None
ABSTENTIONS:	None
ABSENCES:	None


Marina Wiant, Interim Executive Director

Date: December 11, 2024

RESOLUTION NO. 24-255

**QUALIFIED RESIDENTIAL RENTAL PROJECT
EXHIBIT A**

1. Applicant: City and County of San Francisco
2. Application No.: 24-686
3. Project Sponsor: Sunnydale Block 9 Housing Partners, L.P. (Related/Sunnydale Block 9 Development Co., LLC; Sunnydale Block 9 LLC)
4. Property Management Co.: Mercy Housing Management Group
5. Project Name: Sunnydale HOPE SF Block 9
6. Location: San Francisco, CA
7. 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.

Applicable

8. Public Sale: **Not Applicable**
Credit Enhancement Provider: **Not Applicable**
9. Total Number of Units: **94** plus **1** unrestricted manager unit(s)
10. Total Number of Restricted Tenant Rental Units: **94**
11. 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.
12. 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.
13. The Project will utilize Gross Rents as defined in Section 5170 of the Committee's Regulations.

RESOLUTION NO. 24-255

Exhibit A

Page 2 of 4

14. Income and Rental Restrictions

a. Federally Bond-Restricted Set-aside:

At least 40% of the total units will be restricted at 60% of the Area Median Income.

b. Other Restricted Units

For the entire term of the income and rental restrictions, the Project will have:

71 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.

23 Qualified Residential units rented or held vacant for rental for persons or families whose income is between 51% to 60% of the Area Median Income.

15. In accordance with Section 5191(a), a minimum of ten percent (10%) of the units must be restricted to households with incomes no greater than 50% of the Area Median Income and will be distributed as follows:

Applicable:

One-bedroom:	1
Two-bedroom:	6
Three-bedroom:	3
Four-bedroom:	2

16. New Construction Pool Set-aside Requirements.

Homeless Set-aside: at least 25% of the Tax Credit Units are designated for homeless households as defined by CTCAC Regulation Section 10315(b)(1)-(4) with affordable rents consistent with Section 10325(g)(3).

Not Applicable

Homeless Set-aside Priority: 45% of the Tax Credit Units are designated for homeless households as defined by CTCAC Regulation Section 10315(b)(1)-(4) with affordable rents consistent with Section 10325(g)(3).

Not Applicable

Extremely Low Income/Very Low Income (ELI/VLI) Set-aside. The rent and income targeting restrictions must have an average of 50% area median income (AMI) or below.

Applicable

Mixed Income Set-aside. A Mixed Income Project is a New Construction Qualified Residential Rental Project which either (1) is not utilizing the Average Income test of Internal Revenue Code Section 42 (g)(1)(C) and which has 50% or fewer of its total units designated as Restricted Rental Units or; (2) is part of the California Housing Finance Agency Mixed-Income Program. In a Competitive Application Process, a Mixed Income Project may only apply for an allocation of tax-exempt bonds if the ratio of tax-exempt bonds, not including recycled bonds, to aggregate depreciable basis plus land basis is less than or equal to the ratio of units that will be restricted pursuant to a CTCAC regulatory agreement.

Not Applicable

17. Minimum construction standards pursuant to CDLAC Regulation Section 5205 and Sections 10325(f)(7)(A) through (J) of the CTCAC Regulations will be incorporated into the project design for all new construction and rehabilitation projects.

Applicable

RESOLUTION NO. 24-255

Exhibit A

Page 3 of 4

18. For all Acquisition & Rehabilitation projects, a minimum of \$15,000 in hard construction costs will be expended for each unit.

Not Applicable

19. Other Rehabilitation Pool Requirements. The Project will comply with the requirement to complete rehabilitation work at a minimum of \$60,000 in hard construction cost per unit as defined in CTCAC Regulation Section 10302(u), subject to the provisions of Internal Revenue Code Section 42(e)(3)(A)(ii)(I), expended only on immediate health and safety improvements, seismic and accessibility improvements and/or the replacement of major systems with a remaining useful life of less than ten years pursuant to CDLAC Regulation Section 5170.

Not Applicable

20. The Project will comply with the Preservation and Other Rehabilitation Project Priorities of Section 5230(b). At a minimum, the Project must continue to meet the criteria sufficient to retain 0 points.

Not Applicable

21. The Project will comply with the New Construction Density and Local Incentives of Section 5230(c). At a minimum, the Project must continue to meet the criteria sufficient to retain 10 points.

Applicable

22. The Project will comply with the Exceeding Minimum Income Restrictions of Section 5230(d). At a minimum, the Project must continue to meet the criteria sufficient to retain 20 points.

Applicable

23. The Project will comply with the Exceeding Minimum Rent Restrictions of Section 5230(e). At a minimum, the Project must continue to meet the criteria sufficient to retain 10 points.

Applicable

24. The Project will comply with the General Partner Experience requirements of Section 5230(f)(1). At a minimum, the Project must continue to meet the criteria sufficient to retain 7 points.

Applicable

25. The Project will comply with the Management Company Experience requirements of Section 5230(f)(2). At a minimum, the Project must continue to meet the criteria sufficient to retain 3 points.

Applicable

26. The Project will comply with the New Construction Housing Type requirement of Section 5230(g). At a minimum, the Project must continue to meet the criteria sufficient to retain 10 points as a Large Family housing type.

Applicable

27. The Project will comply with the Leveraged Soft Resources requirements of Section 5230(h). At a minimum, the Project must continue to meet the criteria sufficient to retain 8 points.

Applicable

28. The Project will comply with the Readiness to Proceed requirements of Sections 5152 and 5230(i). At a minimum, the Project must continue to meet the criteria sufficient to retain 10 points.

Applicable

RESOLUTION NO. 24-255

Exhibit A

Page 4 of 4

29. The Project will comply with the Affirmatively Furthering Fair Housing requirements of Section 5230(j)(1)(A). At a minimum, the Project must continue to meet the criteria sufficient to retain 10 points.

Not Applicable

30. The Project will comply with the Affirmatively Furthering Fair Housing requirements of Section 5230(j)(1)(B). At a minimum, the Project must continue to meet the criteria sufficient to retain 9 points.

Applicable

31. For a period of fifteen (15) years after the Project is placed in use, the Project will provide residents high speed internet service in each Project unit free of charge (minimum average download speed 25 megabits/second).

Not Applicable

32. For a period of fifteen (15) years after the Project is placed in use, the Project will provide residents a Service Coordinator. Service Coordinator 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 other enrichment activities for tenants (such as holiday events, tenant council, etc.).

Applicable

Hours per Year: 770

33. For a period of fifteen (15) years after the Project is placed in use, the Project will provide residents instructor-led adult educational, health and wellness, or skill building classes. This includes, but is not limited to: Financial literacy, computer training, home-buyer education, GED classes, and resume building classes, ESL, nutrition class, exercise class, health information/awareness, art class, parenting class, on-site food cultivation and preparation classes, and smoking cessation classes. Drop-in computer labs, monitoring or technical assistance shall not qualify.

Applicable

Hours per Year: 60

34. The Project will comply with the Cost Containment requirements of Section 5230(l). At a minimum, the Project must continue to meet the criteria sufficient to retain points.

Not Applicable

35. As specified in Section 5144(c) of the Committee's Regulations, sponsors will be required to utilize CTCAC'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: CTCAC Tax Income Calculation (TIC) or equivalent documentation, all associated source income documentation, evidence of the verifying income computation and unit lease.

Applicable

36. As specified in Section 5144(d) 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

37. As specified in Section 5144(e) 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
901 P Street, Suite 213A
Sacramento, CA 95814
(916) 653-3255

FILING FEE INVOICE

PAYMENT IS DUE WITHIN 30 DAYS OF BOND CLOSING

Date: December 11, 2024

Application No.: 24-686

Analyst Initials: DS

To: William Wilcox
Bond Program Manager
City and County of San Francisco
1 South Van Ness 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: Sunnydale HOPE SF Block 9

ALLOCATION AWARD DATE: December 11, 2024

ALLOCATION AWARD AMOUNT: \$57,075,000

AMOUNT DUE: Allocation award x .00035 = \$ 19,976.25

If the amount of allocation used is less than the amount of allocation awarded

To determine the revised amount due, complete the following ***only if*** the amount of allocation used is less than the amount of allocation awarded, and remit the ***revised*** amount due. The application fee is based on the amount of allocation used to issue bonds.

REVISED AMOUNT DUE: Amount issued x .00035 = \$

How to Make a Payment

If paying by Check

Make sure the Check has:

- Project Name and Application Number
- CDLAC as Payee
- Amount Due or Revised Amount Due (see above)

Send Check to Address listed above with this Invoice.

If paying Online

- Go to: www.treasurer.ca.gov/CDLAC/payment

Mayor's Office of Housing and Community Development
City and County of San Francisco



Daniel Lurie
Mayor

Daniel Adams
Director

January 15, 2025

RE: Multiple Projects January 15, 2025 Proof of TEFRA Publication

To whom it may concern,

I am writing to confirm that the TEFRA notice for the Multiple Projects TEFRA hearing on January 15, was posted on our website's Notices Page on January 3, 2025, 12 days prior to the hearing. A screenshot of the posting is on the following page and the Notice itself will also be attached.

If you have any questions, please feel free to contact me (MOHCD Bond Program Manager, William Wilcox), at william.wilcox@sfgov.org.

Sincerely,

William R Wilcox

William Wilcox
Bond Program Manager
Mayor's Office of Housing & Community Development
City and County of San Francisco



MOHCD department notices

General Notices

- [January 3, 2025 Notice of January 15, 2025 Public Hearing for TEFRA for Multiple Projects](#)
- [December 18, 2024 Notice of December 26, 2024 Public Hearing for TEFRA for 4840 Mission](#)

Related

[About Community Development](#)

An overview of MOHCD's

CITY AND COUNTY OF SAN FRANCISCO

Public Hearing as required by Section 147(f) of the Internal Revenue Code of 1986

Multiple Projects

Date: January 15, 2025

Time: 3:00 PM

Location: By toll-free teleconference at (800) 743-4099, participant code: 3299966

Present: See Exhibit A - Sign-In Sheet

The hearing was held to obtain public comment on the proposed issuance by the City and County of San Francisco of one or more multifamily affordable housing tax-exempt mortgage revenue bond issues (collectively, the "Bonds") in the respective maximum aggregate principal amounts set forth in the table below. The proceeds of each such issue of the Bonds will be loaned to the respective borrower/owner entity set forth in the table below (or an affiliate thereof or successor thereto) (each, a "Borrower"), or another entity to be formed by its general partner, which is expected to be as set forth in the table below, pursuant to a loan agreement (each, a "Loan Agreement") between the City and the applicable Borrower. Each Project is or will be owned and operated by the Borrower set forth in the table below.

<u>Max. Amount</u>	<u>Borrower/Owner</u>	<u>General Partner</u>	<u>Type of Project</u>	<u>No. of Units</u>	<u>Street Addresses</u>
\$13,987,000 Tax-Exempt	Chinatown Community Development Center Inc.	Chinatown Community Development Center (CCDC)	Acquisition Rehabilitation	63	1303 Larkin Street, San Francisco CA
\$48,900,000 Tax-Exempt	160 Freelon Housing Partners, L.P.	Related California and the San Francisco Housing Development Corporation (SFHDC)	New Construction	85	160 Freelon Street., San Francisco CA
\$57,075,000 Tax-Exempt	Sunnydale Block 7 Housing Partners, L.P.	Mercy Housing	New Construction	89	65 Santos Street, San Francisco CA
\$53,305,000 Tax-Exempt	Sunnydale Block 9 Housing Partners, L.P.	Related California	New Construction	95	1652 Sunnydale Avenue, San Francisco CA
\$73,004,348 Tax-Exempt	Balboa Lee Avenue, L.P.	BRIDGE Housing	New Construction	128	11 Frida Kahlo Way, San Francisco CA

\$48,478,327 Tax-Exempt	MidPen Housing Corporation	MidPen	New Construction	92	850 Turk Street, San Francisco CA
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The public hearing convened at 3:00 PM. There were no written comments received on the proposed issuance. Except for the representatives from the Mayor's Office of Housing and Community Development and the project sponsors in Exhibit A - Sign-In Sheet and/or members of the public who declined to identify themselves, there were no members of the public by telephone.

The hearing was adjourned at 3:30 PM.

Minutes prepared by: William R Wilcox
Date: January 15, 2025 William Wilcox

Exhibit A

Multiple Projects

TEFRA Hearing

SIGN-IN SHEET

Monday January 15, 2024 - 3:00 pm

Name	Organization	e-mail address
Jenny Collins	MOHCD	Jennifer.M.Collins@sfgov.org
Allison Vogt	MidPen	allison.vogt@midpen-housing.org
Lisa Howlett	MidPen	lhowlett@midpen-housing.org
John Mooyman	BRIDGE Housing	jmooyman@bridgehousing.com
Sharon Christen	CCDC	sharon.christen@chinatowncdc.org
Carlos Vasquez	Related	CaVasquez@related.com
Kim Piechota	CCDC	kpiechota@chinatowncdc.org
Andrew Strong	MOHCD	Andrew.Strong@sfgov.org
Ryan VanZuylen	MOHCD	ryan.vanzuylen@sfgov.org
Thu Nguyen	Related	TNguyen@Related.com
William Wilcox	MOHCD	william.wilcox@sfgov.org



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 . www.sfethics.org

Received On:

File #: 250287

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
Ryan vanZuylen	415-701-5500
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
MYR Mayor's Office of Comm. Dev.	ryan.vanzuylen@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR Sunnydale Block 9 Housing Partners, L.P.	TELEPHONE NUMBER 415-677-9000
STREET ADDRESS (including City, State and Zip Code) 44 Montgomery Street #1300, SF CA	EMAIL tnguyen@related.com

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 250287
DESCRIPTION OF AMOUNT OF CONTRACT NTE \$57,075,000		
NATURE OF THE CONTRACT (Please describe) Tax-exempt multifamily housing revenue bond financing for the construction of Sunnydale HOPE SF Block 9 LIHTC project consisting of 95 100% affordable units.		

7. COMMENTS
Sunnydale Block 9 Housing Partners, L.P. consists of Related California and Mercy Housing Calwest.

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input checked="" type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
<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	Witte	William	CEO
2	Silverberg	Ann	Other Principal Officer
3	Cardone	Frank	Other Principal Officer
4	Vanderboom	Nicholas	COO
5	Venezia	Kathy	CFO
6	Sherman	Steve	CFO
7	Bohee	Tiffany	Other Principal Officer
8	Holder	Ed	Other Principal Officer
9	Guerrero	Ismael	CEO
10	Bruno	Angela	CFO
11	Walsh	Dee	COO
12	Brandt	Julie	Board of Directors
13	Cox	Bradley	Board of Directors
14	Fernandez Smith	Kay	Board of Directors
15	Hayner	Jamariah	Board of Directors
16	Hughes	Phyllis	Board of Directors
17	Jamason	Ellen	Board of Directors
18	Lizon	Kacey	Board of Directors
19	Lee	Christopher	Board of Directors

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
20	Levine	David	Board of Directors
21	Keith	Jennifer	Board of Directors
22	King-Tolliver	Lynn	Board of Directors
23	Pavao	William	Board of Directors
24	Rodriguez	Guillermo	Board of Directors
25	Soni	S. Monica	Board of Directors
26	Zaks	Camilo	Board of Directors
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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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50			

☐ 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



TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Adam Thongsavat, Liaison to the Board of Supervisors
RE: [Multifamily Housing Revenue Bonds - 1652 Sunnydale Avenue, San Francisco, California 94134,
also known as Sunnydale HOPE SF Block 9]
DATE: March 25, 2025

Resolution approving for purposes of the Internal Revenue Code of 1986, as amended, and authorizing the issuance, sale and delivery of multifamily housing revenue bonds in one or more series in an aggregate principal amount not to exceed \$57,075,000 for the purpose of providing financing for the construction of a 95-unit (including one manager unit) multifamily rental housing project known as Sunnydale HOPE SF Block 9; approving the form of and authorizing the execution of an indenture of trust providing the terms and conditions of the bonds; 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 financing agreement; approving the form of and authorizing the use and distribution of a preliminary official statement and/or official statement; approving the form of and authorizing the execution of a bond purchase agreement; 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 bonds and the project; granting general authority to City officials to take actions necessary to implement this Resolution; and related matters.

Should you have any questions, please contact Adam Thongsavat at adam.thongsavat@sfgov.org