



**CONSTRUCTION AND PERMANENT LOAN AGREEMENT
(Multifamily Housing Back to Back Loan Program)
(Fillmore Marketplace Housing Partners, L.P.)**

THIS AGREEMENT is made as of the Contract Date by and among Borrower, Governmental Lender and Bank in connection with the following:

- A.** Borrower has requested that Governmental Lender provide a construction and permanent loan to Borrower to finance the rehabilitation of the Improvements on the Real Property.
- B.** Borrower owns or will own, concurrently with the first loan disbursement under this Agreement, the Property.
- C.** Borrower intends to rehabilitate an affordable housing apartment project on the Real Property.
- D.** Governmental Lender, Bank and Fiscal Agent have entered into the Funding Loan Agreement whereby Bank has agreed to make the Funding Loan to Governmental Lender for the sole purpose of making funds available to the Governmental Lender to make the Borrower Loan to Borrower pursuant to this Agreement in the manner and on the terms set forth in the Funding Loan Agreement, which terms include, without limitation, the obligation of the Governmental Lender to make loan payments to the Bank from amounts received by Governmental Lender from Borrower pursuant to this Agreement and the Borrower Notes in repayment of the amounts loaned to Governmental Lender under the Funding Loan Agreement as evidenced by the Funding Loan Notes. Governmental Lender has irrevocably pledged and assigned to Bank, as security for Governmental Lender's obligations to repay amounts due under the Funding Loan Notes and its obligations under the Funding Loan Agreement, all right, title and interest to the Borrower Loan Documents (other than the Reserved Rights, as defined in the Funding Loan Agreement), including all rights to payments with respect to the Borrower Notes. Upon the execution of the Funding Loan Notes, all right, title and interest of Governmental Lender under and in the Borrower Loan (other than the Reserved Rights, as defined in the Funding Loan Agreement) will be assigned by Governmental Lender to Bank pursuant to the Funding Loan Agreement and the Assignment of Deed of Trust.
- E.** All of the rights, powers, elections, determinations, remedies, duties and functions of Governmental Lender hereunder (other than the Reserved Rights, as defined in the Funding Loan Agreement) may be exercised and performed on behalf of Governmental Lender by Bank unless and until the assignment to Bank is terminated, modified, assigned, in whole or in part, or otherwise amended in accordance with the provisions of the Funding Loan Agreement.
- F.** Subject to the execution of the Funding Loan Agreement and the terms and conditions of this Agreement, Governmental Lender is willing to make the Borrower Loan to Borrower.

THEREFORE, the parties hereto agree as follows:

1. DEFINITIONS.

1.1 Acceptable Unit Lease. A lease agreement on a lease form approved by Bank which is entered into by and between Borrower and the lessee of a Unit and the terms (including the amount of rent payments) of which comply with the provisions of all Regulatory Agreements, the City Loan Documents, the HCD Loan Documents and the Seller Loan Documents.

1.2 Act. 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.

1.3 Advance. Each disbursement of proceeds of the Borrower Loan made pursuant to this Agreement.

1.4 Aggregate Change Order Limit. \$500,000.

1.5 Agreement or Borrower Loan Agreement. This Construction and Permanent Loan Agreement (Multifamily Housing Back to Back Loan Program).

1.6 Agreement to Furnish Insurance. The Agreement to Furnish Insurance dated as of the Contract Date executed by Borrower in favor of Governmental Lender and Bank, as the same may from time to time be amended, modified or supplemented.

1.7 Allocation Committee. The California Tax Credit Allocation Committee and any successor governmental agency appointed to carry out the obligations of the Allocation Committee.

1.8 Appraisal. An appraisal or reappraisal of the Property (complying with Bank's appraisal policy) performed or to be performed by a certified real estate appraiser engaged by Bank.

1.9 Appraised Value. The market value of the Property as determined by Bank in its business judgment, reasonably exercised, based upon an Appraisal.

1.10 Architect. [BC&E Group, LLP] [**CHECK**], or such other architect as may be approved by Bank.

1.11 Architect's Agreement. The agreement between Borrower and Architect relating to the design and rehabilitation of the Improvements.

1.12 Assignment of Construction Contract. The Assignment of Construction Contract dated as of the Contract Date executed by Borrower in favor of Governmental Lender and Bank, as the same may from time to time be amended, modified or supplemented.

1.13 Assignment of Hedge. As defined in Section 7.45.5.

1.14 Assignment of Partnership Interest (GP). An Assignment of Partnership Interest dated as of the Contract Date executed by each General Partner in favor of Governmental Lender and Bank as additional collateral security for the performance of the Borrower's obligations under the Borrower Loan Documents, prior to Conversion, assigning to Governmental Lender and Bank all of each such General Partner's rights as a general partner in Borrower.

1.15 Assignment of Plans and Specifications. The Assignment of Architect's Agreement, Plans and Specifications dated as of the Contract Date executed by Borrower, in favor of Governmental Lender and Bank, as the same may from time to time be amended, modified or supplemented.

1.16 Assignment of Tax Credits and Partnership Interests. An Assignment of Rights to Tax Credits and Partnership Interests dated as of the Contract Date executed by Borrower in favor of Governmental Lender and Bank as additional collateral security for the performance of Borrower's obligations under the Borrower Loan Documents, prior to Conversion, assigning to Governmental Lender and Bank all of Borrower's rights under the Tax Credit Allocation Documents including, without limitation, the right to receive the Tax Credits set forth under the Tax Credit Allocation Documents and any interest Borrower may have in any partnership interest of Tax Credit Investor in the Borrower.

1.17 Bank. MUFG Union Bank, N.A., (i) acting in its capacity as owner of the Funding Loan Notes and as assignee of and agent under this Agreement for the Governmental Lender pursuant to the Funding Loan Agreement, and (ii) its successors and assigns.

1.18 Bonded Work. Offsite, common area, or other improvements required by a Governmental Authority (if any) or for which bonds may be required in connection with the development of the Real Property.

1.19 Borrower. Fillmore Marketplace Housing Partners, L.P., a California limited partnership.

1.20 Borrower's Equity. As of any date of determination, Borrower's funds expended on Project costs in accordance with this Agreement as of such date, including Borrower's Funds and capital contributions made by the Tax Credit Investor, but excluding proceeds of the Borrower Loan, as determined by Bank in its reasonable discretion.

1.21 Borrower's Funds. All funds of Borrower deposited into Borrower's Funds Account pursuant to the terms of this Agreement, to be disbursed in payment of Construction Costs as more particularly set forth in this Agreement.

1.22 Borrower's Funds Account. An account with Bank into which Borrower's Funds shall be deposited as provided for in Section 7.2 or any other provision of this Agreement.

1.23 Borrower Loan. The loan in the maximum principal amount of [\$21,884,000] [CHECK] made by the Governmental Lender to Borrower pursuant to this Agreement.

1.24 Borrower Loan Documents. This Agreement, the Borrower Notes, the Tax-Exempt Regulatory Agreement, the Deed of Trust, the Guaranty, the ECA, the Security Documents, the Financing Statements, the Agreement to Furnish Insurance, any Hedge Documents, the Indemnity Agreement and all other agreements, instruments and documents (together with amendments, supplements and replacements thereto) now or hereafter executed and delivered to Governmental Lender or Bank in connection with the Borrower Loan.

1.25 Borrower Notes. Collectively, Borrower Note A-1 and Borrower Note A-2, which evidence the Borrower Loan.

1.26 Borrower Note A-1. The Promissory Note A-1 (Tax-Exempt – Construction) (Multifamily Housing Back to Back Loan Program) dated as of the Contract Date from Borrower, as maker, in favor of Governmental Lender in the original principal amount of [\$_____] [CHECK].

1.27 Borrower Note A-2. The Promissory Note A-2 (Tax-Exempt – Permanent) (Multifamily Housing Back to Back Loan Program) dated as of the Contract Date from Borrower, as maker, in favor of Governmental Lender in the original principal amount of [\$_____] [CHECK].

1.28 Business Day. A day which is not a Saturday or Sunday on which banks in the State of California are open for business for the funding of corporate loans.

1.29 Capital Improvement Reserve Account. An interest bearing account established with Bank by Borrower at the time of Conversion for the purpose of funding any capital improvements which are necessary for the continued operation of the Property as determined by Bank in its reasonable discretion.

1.30 Capital Improvements. As defined in Section 7.36.1.

1.31 Certification of Plans and Specifications. The Certification of Plans and Specifications dated as of the Contract Date from Borrower, Contractor and Architect to Governmental Lender and Bank, as the same may from time to time be amended, modified or supplemented.

1.32 Change Order. Any change or supplement to the Plans, Construction Contract or subcontract as permitted by this Agreement.

1.33 City. 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.

1.34 City Deed of Trust. The Deed of Trust and Assignment of Rents executed by Borrower for the benefit of the City, encumbering the Project and securing repayment of amounts owing under the City Note, recorded in the Official Records substantially concurrently with the Deed of Trust, the lien of which is to be subject and subordinate to the lien of the Deed of Trust.

1.35 City Loan. The [\$ _____] **[CHECK]** loan made by the City to Borrower pursuant to the terms of the City Loan Agreement.

1.36 City Loan Agreement. The Loan Agreement entered into by and between Borrower and the City in connection with the making of the City Loan.

1.37 City Loan Documents. The City Loan Agreement, the City Note, the City Deed of Trust, the City Restrictions and all other documents and instruments evidencing, securing or pertaining to the City Loan.

1.38 City Note. The Promissory Note Secured by Deed of Trust made by Borrower to the order of the City, in the face principal amount of [\$ _____] **[CHECK]**, evidencing all amounts disbursed and to be disbursed under the City Loan.

1.39 City Restrictions. The Regulatory Agreement by and between Borrower and the City entered into in connection with the City Loan, recorded in the Official Records substantially concurrently with the Deed of Trust.

1.40 City Subordination Agreement. A Subordination Agreement in form and substance satisfactory to Bank, executed by the City, Borrower and Bank, pursuant to which the City shall unconditionally subordinate the lien and effect of the City Deed of Trust and the City Restrictions to the lien and effect of the Deed of Trust, as more particularly described therein.

1.41 Closing Date. Either (i) the date on which the Deed of Trust is recorded and the Initial Advance is made or (ii) the date the Title Insurer has irrevocably committed to issue the Title Policy and the Bank and Governmental Lender have authorized closing of the Borrower Loan and the Funding Loan.

1.42 Code. The Internal Revenue Code of 1986, as amended; including (a) any successor internal revenue law and (b) the applicable regulations promulgated thereunder whether final, temporary or proposed under the Code or such successor law.

1.43 Completion Date. The date of Project Completion, which date shall not be later than [March 1, 2023] **[CHECK]**.

1.44 Conditions to Conversion. The conditions precedent to Conversion as listed on Exhibit D attached hereto.

1.45 Construction Contract. The agreement between Borrower and Contractor relating to the rehabilitation of the Improvements.

1.46 Construction Costs. All costs approved by Bank relating to the rehabilitation of the Improvements or otherwise pertaining to the Property, as set forth in the Detailed Cost Breakdown.

1.47 Construction Phase. The period from the Closing Date through and including the date immediately preceding the Conversion Date.

1.48 Contract Date. March 1, 2021.

1.49 Contractor. Saarman Construction, Ltd., a California corporation, or such other contractor as may be approved by Bank, or Borrower acting in the capacity of general contractor.

1.50 Conversion. The conversion of the Borrower Loan from the Construction Phase to the Permanent Phase.

1.51 Conversion Date. The date on which all Conditions to Conversion have been satisfied, as such date is established by Bank in the Conversion Notice. The Conversion Date shall be the first day of the calendar month following the month in which Bank issues the Conversion Notice, but in no event later than the Outside Conversion Date.

1.52 Conversion Election Notice. Written notice delivered by Borrower to Bank that Borrower has elected to convert the Borrower Loan from the Construction Phase to the Permanent Phase.

1.53 Conversion Notice. Written notice delivered by Bank to Borrower that the Conditions to Conversion have been fully satisfied.

1.54 Debt Coverage Ratio. The ratio of (i) the annual stabilized Net Operating Income for the Property during a particular period of time, to (ii) the assumed combined interest and principal payment for the Permanent Phase that would be required based upon the projected outstanding principal balance of Borrower Note A-2, as of the Conversion Date, a fixed interest rate on Borrower Note A-2 equal to the fixed rate of the Hedge applicable to Borrower Note A-2 (inclusive of the Margin applicable to Borrower Note A-2 during the Permanent Phase) and monthly amortization payments on Borrower Note A-2 based upon a 480 month amortization period, plus any required principal and interest payments under any additional financing permitted pursuant to the Borrower Loan Documents (other than loans under which debt service is payable only from "residual receipts" that remain after payment of all operating expenses and all scheduled payment or principal and interest on the Borrower Loan and any other financing).

1.55 Deed of Trust. The Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Construction and Permanent Trust Deed) (Multifamily Housing Back to Back Loan Program) dated as of the Contract Date from Borrower, as trustor, for the benefit of Governmental Lender and Bank, as beneficiary, as the same may from time to time be amended, modified or supplemented.

1.56 Deed of Trust Assignment. The Assignment of Deed of Trust and Related Documents dated as of the Contract Date by Governmental Lender in favor of Bank.

1.57 Default Rate. A rate equal to 5% more than the applicable interest rate set forth in the Borrower Notes.

1.58 Detailed Cost Breakdown. An itemized schedule on a component, unit and trade breakdown basis showing all costs and expenses required for rehabilitation of the Improvements in accordance with the Plans, which has been submitted to and approved by Bank.

1.59 Disbursement Schedule. The schedule or schedules for disbursement of the Advances and of Borrower's Funds, if any, set forth on Exhibit B, which may be amended from time to time by reallocations made in accordance with Section 5.5.

1.60 Draw Request. The certified invoice to be delivered by Borrower to Bank as a condition to Governmental Lender making an Advance, in such form and certified by Architect, together with such schedules, affidavits, releases, waivers, statements, invoices, bills, and other documents, certificates and information as may be reasonably required by Bank.

1.61 ECA. The Environmental Compliance Agreement, dated as of the Contract Date by Borrower in favor of Governmental Lender and Bank, as the same may from time to time be amended, modified or supplemented.

1.62 Event of Default. As defined in Section 8.

1.63 Extended Use Agreement. An “extended low-income housing commitment” as defined in Section 42(h)(6)(B) of the Code.

1.64 Financial Statements. Balance sheets, income statements, statements of retained earnings with supporting schedules and such other financial reports as Bank may require, in form and content reasonably acceptable to Bank.

1.65 Financing Statements. All UCC financing statements required in connection with the Borrower Loan.

1.66 First Extended Outside Conversion Date. As defined in Section 2.5.

1.67 First Extension Term. As defined in Section 2.5.

1.68 First Payment Date. April 1, 2020.

1.69 Fiscal Agent. The Fiscal Agent from time to time under the Funding Loan Agreement. Initially the Fiscal Agent shall be [_____] **[CHECK]**

1.70 Force Majeure. Strikes, lockouts, acts of God, severe shortages of labor or materials, acts of the public enemy, riot, war, fire or other delays beyond the reasonable control of Borrower.

1.71 Funding Date. The date on which the Initial Disbursement is made.

1.72 Funding Loan. The loan in the maximum amount of [\$21,884,000] **[CHECK]** made by Bank to Governmental Lender pursuant to the Funding Loan Agreement.

1.73 Funding Loan Agreement. The Funding Loan Agreement dated as of the Contract Date among the Governmental Lender, the Bank and Fiscal Agent in connection with the issuance of the Funding Loan Notes.

1.74 Funding Loan Documents. As defined in the Funding Loan Agreement.

1.75 Funding Loan Notes. As defined in the Funding Loan Agreement.

1.76 General Partner(s). Collectively, [_____] and [_____] **[CHECK]** (“Managing General Partner”).

1.77 Governmental Authority. Any federal, state or local governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body, court, administrative tribunal or public or private utility having authority over the Property or its utilization.

1.78 Governmental Lender. 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.

1.79 Governmental Requirement. Any law, statute, order, ordinance, rule, regulation, permit or act of a Governmental Authority.

1.80 Gross Operating Income. The sum of any and all payments, fees, rentals, additional rentals (but specifically excluding any amounts received from tenant-based vouchers or other rent subsidies in excess of then maximum rents permitted under the Regulatory Agreements), expense reimbursements (including, without limitation, all reimbursements by tenants, subtenants, licensees and other users of the Property), income, interest, and other monies received directly or indirectly by or on behalf of Borrower from any Person with respect to Borrower's ownership, use, development or operation of the Property for the applicable determination period, including, without limitation, any leasing or licensing of the Property. Gross Operating Income shall be computed on a cash basis and shall include for each monthly statement all amounts actually received in such month whether or not such amounts are attributable to a charge arising in such month. Gross Operating Income shall not include security deposits, forfeitures or other non-recurring income and shall be adjusted to include the greater of actual vacancy or an assumed vacancy rate of five percent (5%).

1.81 Guarantor. Any Person who executes a Guaranty in connection with the Borrower Loan.

1.82 Guaranty. Bank's standard form Loan and Completion Guaranty and Indemnity Agreement entered into in connection with the Borrower Loan.

1.83 HCD. The Department of Housing and Community Development, a public agency of the State of California.

1.84 HCD Deed of Trust. The deed of trust to be executed by Borrower for the benefit of HCD, encumbering the Project and securing repayment of amounts owing under the HCD Loan, the lien of which is to be subject and subordinate to the lien of the Deed of Trust.

1.85 HCD Loan. The [\$_____] **[CHECK]** loan to be made by HCD to Borrower in accordance with the terms of the HCD Loan Agreement.

1.86 HCD Loan Agreement. The Loan Agreement entered into by and between Borrower and HCD in connection with the making of the HCD Loan.

1.87 HCD Loan Documents. The HCD Loan Agreement, HCD Note, the HCD Deed of Trust, the HCD Restrictions, the HCD Subordination Agreement and all other documents and instruments evidencing, securing or pertaining to the HCD Loan.

1.88 HCD Loan Junior Restrictions. That certain Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing to be executed by Borrower for the benefit of HCD in connection with the HCD Loan, the lien of which shall be subordinate to the Deed of Trust.

1.89 HCD Loan Note. The [\$_____] **[CHECK]** promissory note to be executed by Borrower in favor of HCD evidencing the HCD Loan.

1.90 HCD Loan Restrictions. Collectively, the HCD Loan Junior Restrictions and the HCD Loan Senior Restrictions.

1.91 HCD Loan Senior Restrictions. That certain Declaration of Restrictive Covenants for the Development and Operation of Affordable Housing to be executed by Borrower for the benefit of HCD in connection with the HCD Loan, the lien of which shall be senior to the Deed of Trust.

1.92 HCD Loan Subordination Agreement. A subordination agreement in the form and substance satisfactory to Bank, to be executed by HCD and Bank and acknowledged by Borrower pursuant to which HCD shall unconditionally subordinate the lien and effect of the HCD Loan Deed of Trust and HCD Loan Junior Restrictions to the lien and effect of the Deed of Trust.

1.93 Hedge. As defined in Section 7.45.1.

1.94 Hedge Documents. As defined in Section 7.45.1.

1.95 Improvements. A one hundred twenty (120) unit affordable apartment project, including two (2) property manager's units, and related appurtenances.

1.96 Indemnified Parties. Collectively Governmental Lender, Fiscal Agent and Bank and each of their respective officers, members governing members or partners, directors, employees, attorneys and agents, past, present and future.

1.97 Indemnity Agreement. Any Indemnity Agreement entered into in connection with the Borrower Loan.

1.98 Initial Disbursement. The initial Advance made by Governmental Lender to Borrower pursuant to this Agreement.

1.99 Interest Reserve. The portion of the Project Budget allocated for the payment of interest due under this Agreement.

1.100 Leases. All leases of any portion of the Property and all amendments, guaranties and subleases relating thereto.

1.101 Liquid Assets. Immediately available cash, bank deposits, accounts and mutual funds; obligations of or guaranteed by the U.S. government or an agency thereof; and stocks, bonds and other debt instruments regularly traded on the New York, American or NASDAQ stock exchange which can be readily converted into cash.

1.102 Loan Fee. [\$_____] [CHECK].

1.103 Loan Party. Any general partner, managing member, joint venturer, trustee or trustor of Borrower, as applicable and any Guarantor.

1.104 Loan-to-Value Ratio. The ratio of (i) then outstanding indebtedness in connection with the Borrower Loan to (ii) the Appraised Value of the Property.

1.105 Margin. As defined in the Borrower Notes.

1.106 Maturity Date. The applicable maturity date of the Borrower Notes. The Maturity Date of Borrower Note A-1 shall be subject to adjustment in accordance with any extension granted pursuant to Sections 2.5 or 2.6 below.

1.107 Net Operating Income. Gross Operating Income less Operating Expenses.

1.108 NOI Account. A Bank-controlled deposit account established with Bank in Borrower's name into which Borrower shall cause the Monthly NOI Deposits to be made pursuant to Section 5.8 below.

1.109 Offsite Materials. Materials to be incorporated into the Improvements or used in connection with the rehabilitation of the Improvements that are stored at a location other than the Real Property.

1.110 Onsite Materials. Materials to be incorporated into the Improvements or used in connection with the rehabilitation of the Improvements that are stored on the Real Property.

1.111 Operating Expenses. The following expenses incurred by Borrower in connection with the operation and maintenance of the Property to the extent that such expenses are reasonable in amount and customary for multifamily affordable housing properties of a type similar to the Property, as determined

by Bank in its reasonable discretion, including, without limitation, the following: (A) real property taxes and assessments imposed upon the Property unless a property tax “welfare” exemption pursuant to Section 214(g) or 236 of the R&T Code has been obtained, (B) premiums for insurance of the Property, including casualty and liability insurance, (C) deposits made into the Capital Improvement Reserve Account and any reserves, leasing commissions and tenant improvements, as determined by Bank in its business judgment, reasonably exercised, and (D) operating expenses actually incurred by Borrower in connection with the management (provided that management fees shall be adjusted to the greater of actual management fees or three percent (3.0%) of gross rents), operation, cleaning, leasing, maintenance and repair of the Property or any part thereof for the ninety (90) days preceding the date of determination. Operating Expenses shall be calculated on an accrual basis and shall not include any interest or principal payments due in respect of the Borrower Loan or any allowance for depreciation and similar noncash charges.

1.112 Operating Statement. A monthly, quarterly or annual statement that shows in detail the amounts and sources of Gross Operating Income, the amounts and nature of Operating Expenses, and Net Operating Income, in each case for the preceding calendar month, quarter or year. The Operating Statement shall be prepared in accordance with accounting practices and principles acceptable to Bank and consistently applied and in a form satisfactory to Bank.

1.113 Outside Conversion Date. September 1, 2023 (the “Initial Outside Conversion Date”), which date shall be subject to adjustment in accordance with any extension granted pursuant to Sections 2.5 or 2.6 below.

1.114 Partnership Agreement. That certain Amended and Restated Agreement of Limited Partnership of Borrower.

1.115 Paydown Amount. The amount by which (a) the current outstanding principal amount of the Borrower Notes, plus all accrued but unpaid interest thereon, exceeds (b) the lesser of (i) the current outstanding principal amount of Borrower Note A-2, (ii) the maximum outstanding principal balance of Borrower Note A-2 in order for the Property to satisfy the Debt Coverage Ratio pursuant to subsection (o) of Exhibit D (Conditions to Conversion) as of the Conversion Date, and (iii) the notional amount of the Hedge for Borrower Note A-2 as of the Conversion Date, which Paydown Amount shall be applied first towards all accrued and unpaid interest under the Borrower Loan, then towards the repayment of the principal balance of Borrower Note A-1, and then towards the repayment of the principal balance of Borrower Note A-2, and then to all other amounts due and owing under the Borrower Loan Documents and the Funding Loan Documents.

1.116 Permanent Phase. The period from the Conversion Date and ending on the Maturity Date.

1.117 Permitted Liens. Any easements, restrictions and other matters of record listed in a schedule of exceptions to coverage in the Title Policy as required by the Borrower Loan Documents.

1.118 Person. Any natural person or entity, including any corporation, partnership, joint venture, limited liability company, trust, trustee, unincorporated organization or Governmental Authority.

1.119 Personal Property. Any tangible or intangible personal property described in the Deed of Trust or Security Documents that is security for the Borrower Loan.

1.120 Plans. The final plans and specifications for rehabilitation of the Improvements (including any applicable general conditions), prepared by Architect and approved by Bank as required herein, and all amendments and modifications thereof made pursuant to Change Orders.

1.121 Preliminary Reservation. That certain Reservation Letter (Tax Exempt) dated September 16, 2020, issued by the Allocation Committee.

1.122 Project Budget. The cost itemization (set forth in Exhibit B-1 hereto) of the total amount needed by Borrower to rehabilitate the Improvements and to perform Borrower's other obligations under the Borrower Loan Documents, which itemization may be amended from time to time in accordance with this Agreement.

1.123 Project Completion. The date of completion of rehabilitation of the Project and issuance of all licenses and permits necessary for the occupancy and use of the Units such that the Project shall be considered "placed in service" for purposes of the provisions of Section 42 of the Code, which date of completion shall not be later than the Completion Date.

1.124 Project Fund. As defined in the Funding Loan Agreement.

1.125 Property or Project. The Real Property, the Improvements and the Personal Property.

1.126 Qualified Allocation Plan. The Qualified Allocation Plan adopted by the Allocation Committee from time to time in accordance with the provisions of Section 42(m) of the Code.

1.127 R&T Code. The California Revenue and Taxation Code, as amended from time to time thereto. Any reference to a particular provision of the R&T Code shall include any amendment of such provision.

1.128 Real Property. That certain real property described in Exhibit A hereto.

1.129 Recorded Documents. The Regulatory Agreements, the Deed of Trust, the Deed of Trust Assignment, the Seller Deed of Trust, the Seller Subordination Agreement, the City Subordination Agreement, the City Deed of Trust, the City Restrictions, the HCD Deed of Trust, the HCD Restrictions and the HCD Subordination Agreement.

1.130 Regulatory Agreements. All regulatory agreements and restrictions (including, without limitation, the Tax-Exempt Regulatory Agreement, the Extended Use Agreement, the City Restrictions and the HCD Restrictions) now or hereafter encumbering the Property and setting forth restrictions with respect to the leasing, maintenance and use of the Units.

1.131 Rent Restrictions. The occupancy and rent restrictions contained in the Regulatory Agreements.

1.132 Second Extended Outside Conversion Date. As defined in Section 2.6.

1.133 Second Extension Term. As defined in Section 2.6.

1.134 Security Agreement. The security agreement entered into by Borrower in favor of Governmental Lender and Bank, granting to Governmental Lender and Bank a security interest in the Seller Loan Account and the NOI Account.

1.135 Security Documents. Any agreements granting a security interest in collateral securing the Borrower Loan and/or any Hedge provided by Bank other than the Deed of Trust, including without limitation, Bank's standard form of assignments and consents to assignments of the Architect's Agreement, Construction Contract, if any, Plans, any property management agreement or asset management agreement, the Assignment of Tax Credits and Partnership Interests, the Assignment of Partnership Interest (GP), the Assignment of Hedge (if any) and the Security Agreement.

1.136 Seller. Fillmore Marketplace L.P., a California limited partnership.

1.137 Seller Deed of Trust. The deed of trust executed by Borrower for the benefit of Seller, encumbering the Project and securing repayment of amounts owing under the Seller Loan, the lien of which is to be subject and subordinate to the lien of the Deed of Trust.

1.138 Seller Loan. The [\$_____] **[CHECK]** loan by Seller to Borrower, pursuant to the terms of the Seller Note, to cover, among other things, a portion of the acquisition costs of the Project.

1.139 Seller Loan Account. A Bank-controlled deposit account established with Bank in Borrower's name into which Borrower shall have caused [\$_____] of the Seller Loan to be deposited pursuant to Sections 5.1.1(i) and 5.7 below.

1.140 Seller Loan Documents. The Seller Note, the Seller Deed of Trust, the Seller Subordination Agreement and all other documents and instruments evidencing, securing or pertaining to the Seller Loan.

1.141 Seller Note. The [\$_____] **[CHECK]** promissory note executed by Borrower in favor of Seller evidencing the Seller Loan.

1.142 Seller Subordination Agreement. A subordination agreement in the form and substance satisfactory to Bank, executed by Seller and Bank and acknowledged by Borrower pursuant to which Seller shall unconditionally subordinate the lien and effect of the Seller Deed of Trust to the lien and effect of the Deed of Trust.

1.143 Set Aside Letter. Any letter or letters to any Governmental Authority or Surety whereby Bank agrees to allocate proceeds of the Borrower Loan for construction of Bonded Work.

1.144 Single Change Order Limit. \$250,000.

1.145 Surety. The bonding company that issues the bonds covering the Bonded Work.

1.146 Tax Certificate. As defined in the Funding Loan Agreement.

1.147 Tax Counsel. As defined in the Funding Loan Agreement.

1.148 Tax Credit Allocation Documents. The Tax Credit Application, the Preliminary Reservation, IRS Form 8609 to be hereafter executed by the Allocation Committee and all other documents heretofore and hereafter submitted to, and received by the Borrower from, the Allocation Committee, and all amendments, extensions and modifications thereto.

1.149 Tax Credit Application. The 2020 Low-Income Housing Tax Credit Application submitted to the Allocation Committee to apply for Tax Credits with respect to the Project.

1.150 Tax Credit Investor. [_____] **[CHECK]**, and its permitted successors and assigns.

1.151 Tax Credits. Low income housing tax credits to be allocated under Section 42 of the Code pursuant to the terms of the Tax Credit Allocation Documents.

1.152 Tax-Exempt Regulatory Agreement. The "Regulatory Agreement", as defined in the Funding Loan Agreement.

1.153 Title Insurer. First American Title Insurance Company.

1.154 Title Policy. An ALTA LP-10 Policy of Title Insurance or its equivalent acceptable to Bank, naming Governmental Lender and Bank as insured, with a liability limit of not less than the amount of the

Borrower Loan, issued by Title Insurer, insuring that the Deed of Trust constitutes a valid first lien on the Real Property and Improvements, with only such exceptions from its coverage as shall have been approved in writing by Bank, with such reinsurance or coinsurance agreements or endorsements to such policy as Bank may require.

1.155 Transfer. Any sale, lease or other transfer of any interest to any other Person.

1.156 Unit(s). The one hundred twenty (120) apartment units (including two (2) manager's units) constituting the Improvements.

2. BORROWER LOAN.

2.1 Purpose. The purpose of the Borrower Loan is to finance the acquisition of the Real Property and rehabilitation of the Improvements and other costs related thereto and to provide permanent financing for the Project.

2.2 Loan Terms and Conditions. Subject to the terms and conditions contained in this Agreement, as may be modified by the provisions of Exhibit C and Section 3.3 of the Funding Loan Agreement, Governmental Lender agrees to make the Borrower Loan to Borrower. The repayment of all amounts due in connection with the Borrower Loan shall be secured by, among other things, the Deed of Trust, the Security Documents and such other collateral as may be required by Bank. Interest shall accrue and principal and interest shall be payable in accordance with the terms of this Agreement.

2.3 Loan Fee. Borrower shall pay the Loan Fee to Bank in immediately available funds on or before the Closing Date. The Loan Fee shall be nonrefundable.

2.4 Full Payment and Reconveyance. Upon Governmental Lender's and Bank's receipt, as applicable, of all sums owing and outstanding under the Borrower Loan Documents and under any other note or notes or any other obligation secured by the Deed of Trust, Bank shall issue a full reconveyance of the Property and Improvements from the lien of the Deed of Trust; provided, however, that all of the following conditions shall be satisfied at the time of, and with respect to, such reconveyance: (a) Bank shall have received all escrow, closing and recording costs, the costs of preparing and delivering such reconveyance and any sums then due and payable under the Borrower Loan Documents and the Funding Loan Documents; and (b) Bank shall have received a written release satisfactory to Bank of any Set Aside Letter, letter of credit or other form of undertaking that Bank has issued to any Surety, Governmental Authority or any other party in connection with the Borrower Loan and/or the Property. As of the earlier of the last day of disbursement of the Funding Loan under Section 3.4(d) of the Funding Loan Agreement, or date of repayment in full of the Borrower Loan, Governmental Lender's obligation to make further disbursements under the Borrower Loan shall terminate as to any portion of the Borrower Loan undisbursed, and any commitment of Governmental Lender to lend any undisbursed portion of the Borrower Loan shall be cancelled.

2.5 First Extension Term. Borrower shall have the option to: (i) extend the Initial Outside Conversion Date for an additional three (3) months ("First Extension Term"), to and including December 1, 2023 ("First Extended Outside Conversion Date"), and (ii) extend the Maturity Date of Borrower Note A-1 for the same additional corresponding three (3) month period to and including December 1, 2023, upon satisfaction of all of the following conditions, as determined by Bank:

(a) Borrower shall provide Bank with Borrower's written request to exercise the First Extension Term not less than sixty (60) days prior to the Initial Outside Conversion Date.

(b) At the time of Bank's receipt of Borrower's written request to extend the term of the Loan, and as of the Initial Outside Conversion Date, no Event of Default shall have occurred and be continuing.

(c) There shall have been no substantial deterioration in the financial condition of Borrower or any Loan Party, as determined by Bank in Bank's sole discretion.

(d) Borrower and any Loan Party shall have executed such documents as Bank may require in connection with such extension, including any amendments to the Borrower Loan Documents.

(e) Neither Borrower nor any Loan Party shall be in default under any promissory note, deed of trust, security agreement, guaranty or other agreement between Bank and any such party, and no event shall have occurred which would constitute a default or event of default thereunder.

(f) Borrower shall have paid to Bank a loan extension fee equal to \$5,000.

(g) Borrower shall have provided Bank with evidence that the Improvements shall be substantially completed in accordance with the Plans, as determined by Bank in its sole discretion, as of the Completion Date.

(h) Bank shall have the option, in its sole discretion, to re-balance the Interest Reserve to assure that there are sufficient funds in the Interest Reserve to pay the interest required under the terms of the Borrower Notes during the First Extension Term. In the event the Bank determines that the funds in the Interest Reserve are insufficient, Borrower shall pay into the Borrower's Funds Account such amount as is necessary, as determined by Bank in its sole discretion, to provide adequate funds to pay, at a minimum, the interest required under the terms of the Borrower Notes during the First Extension Term.

(i) Intentionally Omitted.

(j) From and after the Initial Outside Conversion Date, the interest payable under the Borrower Notes during the First Extension Term shall continue to accrue at the rate or rates specified in the Borrower Notes and monthly payments of interest only shall continue to be payable as specified in the Borrower Notes.

(k) Borrower shall pay all costs and expenses incurred by Bank in connection with exercise of the First Extension Term, including without limitation, extension fees, documentation and/or recording fees, if any, and the cost of any title endorsements required by Bank.

2.6 Second Extension Term. If Borrower shall have exercised Borrower's option to extend the Initial Outside Conversion Date and the Initial Outside Conversion Date shall have been extended in accordance with this Agreement, Borrower shall have the option to: (i) further extend the Outside Conversion Date for an additional three (3) months ("Second Extension Term") to and including March 1, 2024 ("Second Extended Outside Conversion Date"), and (ii) further extend the Maturity Date of Borrower Note A-1 for the same additional corresponding three (3) month period to and including March 1, 2024, upon satisfaction of all the following conditions, as determined by Bank:

(a) Borrower shall provide Bank with Borrower's written request to exercise the Second Extension Term not less than sixty (60) days prior to the First Extended Outside Conversion Date.

(b) At the time of Bank's receipt of Borrower's written request to extend the term of the Borrower Loan, and as of the First Extended Outside Conversion Date, no Event of Default shall have occurred and be continuing.

(c) There shall have been no substantial deterioration in the financial condition of Borrower or any Loan Party, as determined by Bank in Bank's sole discretion.

(d) Borrower shall have executed such documents as Bank may require in connection with such extension, including any amendments to the Borrower Loan Documents.

(e) Neither Borrower nor any Loan Party shall be in default under any promissory note, deed of trust, security agreement, guaranty or other agreement between Bank and any such party, and no event shall have occurred which would constitute a default or event of default thereunder.

(f) Borrower shall have paid to Bank a loan extension fee equal to \$5,000.

(g) Borrower shall have provided Bank with evidence that the Improvements shall be substantially completed in accordance with the Plans, as determined by Bank in its sole discretion, as of the Completion Date.

(h) Bank shall have the option, in its sole discretion, to re-balance the Interest Reserve to assure that there are sufficient funds in the Interest Reserve to pay the interest required under the terms of the Borrower Notes during the Second Extension Term. In the event the Bank determines that the funds in the Interest Reserve are insufficient, Borrower shall pay into the Borrower's Funds Account such amount as is necessary, as determined by Bank in its sole discretion, to provide adequate funds to pay, at a minimum, the interest required under the terms of the Borrower Notes during the Second Extension Term.

(i) Intentionally Omitted.

(j) From and after the First Extended Outside Conversion Date, the interest payable under the Borrower Notes during the Second Extension Term shall continue to accrue at the rate or rates specified in the Borrower Notes and monthly payments of interest only shall continue to be payable as specified in the Borrower Notes.

(k) Borrower shall pay all costs and expenses incurred by Bank in connection with the exercise of the Second Extension Term, including without limitation, extension fees, documentation and/or recording fees, if any, and the cost of any title endorsements required by Bank.

2.7 Assignment of Borrower Loan Documents to Bank. Borrower acknowledges that the Governmental Lender has made an assignment to the Bank of all right, title and interest of the Governmental Lender in this Borrower Loan Agreement (except for the Reserved Rights, as defined in the Funding Loan Agreement), the Borrower Notes, the Deed of Trust and the other Borrower Loan Documents and has appointed the Bank as its agent to collect payments from the Borrower with respect to the Borrower Loan and to take all actions on behalf of Governmental Lender with respect to the Borrower Loan and the Borrower Loan Documents. Borrower hereby consents to all such assignments and the appointment of Bank as agent for the Governmental Lender.

3. PAYMENTS; CONVERSION.

3.1 Payments. To induce Governmental Lender to make the Borrower Loan, Borrower shall pay to Bank (as agent of the Governmental Lender) all amounts, including principal, interest and premium (if any) that become due and payable on the Borrower Notes, as and when such amounts become due and payable under the Borrower Notes. Without limitation on the foregoing, Borrower shall also pay to Bank when due all other amounts described in this Agreement, as and when due and payable under this Agreement.

3.2 Conversion; Termination.

3.2.1 Not later than 30 days prior to the earlier to occur of the proposed Conversion Date or the Outside Conversion Date, Borrower shall deliver the Conversion Election Notice to Bank. The Conversion Election Notice shall be accompanied by (a) a written certification by Borrower to Bank that all

of the Conditions to Conversion have been fully satisfied or with respect to Exhibit D items (b), (i), (o) and (q) will be fully satisfied concurrently with Conversion; (b) a rent roll covering the Property for each of the three full calendar months immediately preceding the date of the Conversion Election Notice, certified by Borrower as true, correct and complete; and (c) operating statements for the Property for each of such three calendar months, in the form required by Bank, and certified by Borrower to be true, correct and complete.

3.2.2 The Conditions to Conversion specified in Exhibit D shall be applicable to the Conversion. Bank shall have the right to waive any Condition to Conversion set forth in Exhibit D in Bank's sole and absolute discretion.

3.2.3 If, based upon the information delivered pursuant to Section 3.2.1 and such other information as Bank may reasonably require as evidence of satisfaction of the Conditions to Conversion, Bank determines in its reasonable discretion that the Conditions to Conversion have been or will be fully satisfied or waived in writing by Bank, Bank shall deliver the Conversion Notice, which Conversion Notice shall state the Conversion Date, and a copy of Schedule "1" to be attached to Borrower Note A-2 setting forth the monthly installments of principal required to be paid by Borrower under Borrower Note A-2.

3.2.4 Upon Conversion (and so long as all Conditions to Conversion are satisfied or waived in writing by Bank) the following documents shall be deemed automatically terminated and shall have no further force or effect without any further action by any Loan Party: (i) the Guaranty (but specifically excluding the Indemnity Agreement); (ii) the Assignment of Tax Credits and Partnership Interests, and (iii) the Assignment of Partnership Interest (GP).

3.2.5 If the Conditions to Conversion have not been fully satisfied or waived in writing by Bank prior to the Outside Conversion Date, Borrower shall pay to Bank, on the Outside Conversion Date, the entire outstanding principal balance of the Borrower Loan, together with all accrued and unpaid interest thereon and other accrued and unpaid fees, costs and expenses owing under the Borrower Loan Documents and the Funding Loan Documents.

3.3 Maturity Date. All unpaid principal and interest on the Borrower Loan and other amounts due under the Borrower Loan Documents and the Funding Loan Documents shall be due and payable in full on the Maturity Date, as such date may be extended or accelerated.

3.4 Additional Fee Payment Obligations. All payments to fund taxes, insurance or any other escrow or reserve required to be established, funded or created pursuant to any Borrower Loan Document or Funding Loan Document, shall be due and payable by Borrower to Bank the date monthly payments are due pursuant to Borrower Note A-2 commencing in the month following the month in which the Conversion Date occurs in accordance with the applicable Borrower Loan Document or Funding Loan Document. Borrower shall pay to Fiscal Agent Fiscal Agent's Fees (as defined in the Funding Loan Agreement) in accordance with the terms of the Funding Loan Agreement.

4. CONDITIONS PRECEDENT.

4.1 Conditions to Closing of the Borrower Loan. Prior to the Closing Date, Bank shall have received all of the following documents, instruments and other items (each of which, in the case of documents or instruments, shall be fully and properly executed and, where required by Bank, acknowledged by all parties thereto), each in form and content acceptable to Bank:

4.1.1 The original Borrower Loan Documents.

4.1.2 Copies of organizational documents of Borrower and all Loan Parties, duly filed and/or recorded in the appropriate jurisdiction and certified as required by Bank, including without limitation, and as applicable, (a) articles of organization and operating agreements, (b) certificates of limited partnership, statements of partnership and partnership agreements, (c) statements of joint venture and joint

venture agreements, (d) articles of incorporation, (e) trust agreements, and (f) any amendments to any of the foregoing.

4.1.3 Evidence that the insurance required by the Agreement to Furnish Insurance is in full force and effect.

4.1.4 All Borrower's Funds required under this Agreement.

4.1.5 Copies of the Detailed Cost Breakdown, the Project Budget, the Plans, the Construction Contract (if any), the Architect's Agreement, and any other agreements that Bank determines are material to rehabilitation of the Improvements, all certified as required by Bank.

4.1.6 Copies of (1) the building permits and any other authorizations required from any Governmental Authority in connection with rehabilitation of the Improvements and (2) for all required permits and authorizations not delivered on or prior to the Closing Date, permit ready letters from any Governmental Authority required in connection with rehabilitation of the Improvements which provide that the only condition to issuance of such permits is payment of the applicable fees.

4.1.7 If required by Bank, a current ALTA survey of the Real Property, including dimensions and delineation and location of all easements thereon, certified to and satisfactory to Bank and Title Insurer.

4.1.8 If required by Bank, letters from local utility companies and any Governmental Authority stating that electric, gas, sewer, water, cable and telephone facilities are or will be available to the Real Property upon completion of the Improvements.

4.1.9 Written results of such due diligence investigations with respect to Borrower, any Loan Party and the Property as Bank deems necessary, including without limitation, environmental reviews, engineering inspections, seismic studies and financial analysis.

4.1.10 An opinion of Borrower's counsel as to (a) the proper formation, valid existence and good standing of Borrower and all Loan Parties, (b) the due authorization and execution of all Borrower Loan Documents and any Hedge Documents with Bank by Borrower and all Loan Parties, (c) whether all necessary consents have been obtained with respect to the Borrower Loan and any Hedge Documents with Bank, (d) the absence of any threatened or pending actions, suits or proceedings against or affecting the Property, Borrower or any Loan Party, (e) the absence of the violation of any agreements to which Borrower or any Loan Party is bound, and (f) such other matters as Bank may determine to be necessary or appropriate.

4.1.11 Such evidence as Bank may reasonably require to confirm the accuracy of the representations and warranties set forth in Section 6.29 of this Agreement.

4.1.12 Copies of the Seller Loan Documents, the City Loan Documents and the HCD Loan Documents, each in a form acceptable to Bank.

4.1.13 Borrower shall have entered into one or more Hedges, in form and content and from a counterparty complying with the provisions contained in Section 7.45, with respect to the Borrower Note A-2 in an amount not less than the entire principal amount of Borrower Note A-2, which provides for a fixed rate of interest on Borrower Note A-2 not to exceed (or otherwise protects against the interest rate on Borrower Note A-2 exceeding) [___%] **[CHECK]** (including the Margin applicable to Borrower Note A-2 during the Permanent Phase), for the period commencing on the Initial Outside Conversion Date and ending on the Maturity Date applicable to Borrower Note A-2.

4.1.14 All costs, charges and expenses incurred in connection with the Borrower Loan or payable in connection with this Agreement as of the Closing Date, including, without limitation, the Loan

Fee, fees and expenses of the Fiscal Agent, service charges, title charges, tax and lien service charges, recording fees, escrow fees, appraisal fees, legal fees, insurance premiums, any amounts required to pay existing encumbrances then due affecting the Property and any amounts required to complete the closing of the acquisition of the Real Property, shall have been paid by Borrower.

4.1.15 If the Property contains existing Improvements, Borrower shall have provided to Bank a copy of any inspection report concerning wooden exterior elevated elements with load bearing components, including any inspection reports prepared pursuant to California Health and Safety Code.

4.1.16 Such other documentation, certifications, opinions and information as may be reasonably required by Governmental Lender or Bank.

4.2 Conditions to Issuance of the Funding Loan Notes. Governmental Lender's obligation to execute the Funding Loan Notes, and Governmental Lender's and Bank's obligation to enter into this Agreement, the other Borrower Loan Documents and the Funding Loan Documents, and to make the Initial Disbursement, are subject to the satisfaction, or waiver by Governmental Lender or Bank, as applicable, each of the conditions in Section 4.1 and of all of the following conditions precedent:

4.2.1 Governmental Lender and Bank shall have received fully executed originals of each of the Borrower Loan Documents and the Funding Loan Documents.

4.2.2 The Tax-Exempt Regulatory Agreement shall have been duly executed, acknowledged and delivered by Borrower to Governmental Lender and Bank.

4.2.3 Each of the Recorded Documents shall have been recorded in the Official Records of the county in which the Real Property is located.

4.2.4 The Financing Statements have been filed with the Secretary of State of California, and Bank shall have received a certificate of the Secretary of State showing such Financing Statements to be subject to no prior filings (other than filings perfecting Permitted Liens) except as otherwise agreed to by Bank.

4.2.5 Title Insurer shall have committed to deliver to Bank the Title Policy.

4.2.6 Bank and Governmental Lender shall have received and approved an executed original of each of the following opinions, in each case addressed to each of Governmental Lender and Bank and in each case in form and substance approved by Governmental Lender and Bank: (a) the opinion of counsel to Borrower and the other Loan Parties, opining as to the due formation, qualification and good standing of Borrower and the other Loan Parties, the due authorization by Borrower and the Loan Parties of the execution, delivery and performance of the Borrower Loan Documents, and the enforceability of the Borrower Loan Documents, and covering such other matters as Bank may require; and (b) an opinion of Tax Counsel, opining as to the due organization and valid existence of the Governmental Lender, due execution and delivery by the Governmental Lender of the Funding Loan Agreement, and this Agreement, the enforceability of the Funding Loan Agreement and this Agreement, and the exclusion of interest on the Funding Loan Notes from gross income for federal income tax purposes.

4.2.7 Bank shall have received and approved such Financial Statements and other financial information as it may require regarding the financial condition of Borrower, the Loan Parties and/or the Property.

4.2.8 Bank shall have received and approved a detailed sources and uses statement showing (i) all costs and expenses of issuance of the Funding Loan Notes, and (ii) all sources for payment of such costs and expenses.

4.2.9 To the extent not funded from the Initial Disbursement, Borrower shall have paid (or will pay concurrently with issuance of the Funding Loan Notes) to Governmental Lender and Bank, as applicable, in immediately available good funds (a) all costs and expenses incurred by Governmental Lender and Bank in connection with the Funding Loan, the making of the Borrower Loan and the negotiation, preparation and closing of the Borrower Loan Documents and Funding Loan Documents, (b) the Tax Counsel fees and expenses due and payable, (c) all fees to Governmental Lender then due and payable, and (d) the initial Fiscal Agent's Fees (as defined in the Funding Loan Agreement).

4.2.10 Borrower shall have delivered to Bank, and Bank shall have approved such information, and/or documentation as Bank may require to evidence that paragraph (1) of Section 42(h) of the Code will not apply to the Tax Credits by virtue of the provisions set forth in subparagraph (4)(B) of Section 42(h) of the Code.

5. DISBURSEMENTS.

5.1 Initial Disbursement.

5.1.1 Prior to the Initial Disbursement, the following conditions shall have been satisfied in addition to the conditions set forth in Sections 4.1 and 4.2, as determined by Bank:

(a) Borrower and all Loan Parties shall have performed to Bank's satisfaction all covenants required to be performed under this Agreement, the other Borrower Loan Documents and the Funding Loan Documents on or before the Funding Date.

(b) No change shall have occurred which could have a material adverse effect on Borrower, any Loan Party, the Property or Bank's right or ability to receive payment in full of the Borrower Loan, as determined by Bank in its sole discretion.

(c) No Event of Default shall exist.

(d) The representations and warranties of Borrower in this Agreement and the other Borrower Loan Documents shall be true and correct on and as of the date of the disbursement with the same effect as if made on such date.

(e) Bank shall have approved in its sole discretion, the Detailed Cost Breakdown, the Project Budget, the Plans, the Construction Contract (if any), the Architect's Agreement, and any other agreements that Bank determines are material to the rehabilitation of the Improvements.

(f) Bank shall have received satisfactory evidence that there are no liens on Personal Property, except as otherwise agreed to by Bank.

(g) If required by Bank, Bank shall have received a list of the names and addresses of all suppliers, laborers and subcontractors with whom agreements have been made with Contractor and/or Borrower to deliver materials and/or perform work on the Improvements.

(h) Such evidence as Bank may require evidencing expenditure of Borrower's Equity on Project costs in accordance with this Agreement is at least [\$2,302,236] **[CHECK]**.

(i) Such evidence as Bank may require evidencing that (i) the entire amount of the City Loan and the HCD Loan shall have been disbursed by the City and HCD to or for the account of Borrower for Project costs in accordance with the Project Budget, and (ii) [\$_____] **[CHECK]** of the Seller Loan shall have been disbursed by Seller to or for the account of Borrower and applied towards the costs of acquiring the Property, and (iii) the remaining [\$_____] **[CHECK]** of the Seller Loan shall have been disbursed by Seller to or for the account of Borrower and deposited into the Seller Loan Account.

5.1.2 Upon satisfaction of the conditions contained in Sections 4.1, 4.2 and 5.1.1, Bank, on behalf of Governmental Lender, shall make an Advance in accordance with the Project Budget and the Disbursement Schedule the amounts to be paid by Bank pursuant to the settlement statement approved by Bank.

5.2 Subsequent Disbursements.

5.2.1 Prior to making any Advances after the Initial Disbursement, except for the final Advance, the following additional conditions shall have been satisfied, as determined by Bank:

(a) All specific requirements for the disbursement set forth in the Disbursement Schedule shall have been satisfied.

(b) No Event of Default shall exist.

(c) The representations and warranties of Borrower in this Agreement and the other Borrower Loan Documents shall be true and correct in all material respects on and as of the date of the disbursement with the same effect as if made on such date.

(d) The Improvements shall not have been damaged by fire or other casualty unless Bank has determined that Bank will receive insurance proceeds sufficient in Bank's judgment to effect the satisfactory restoration of the Improvements and permit Project Completion prior to the Completion Date.

(e) If required by Bank, Bank shall have received confirmation to its satisfaction that (A) to date, the Improvements have been rehabilitated substantially in accordance with the Plans and the Construction Contract (if any), and (B) the present state of rehabilitation of the Improvements will, barring then unforeseen and unknown delays, permit Project Completion on or before the Completion Date.

(f) If Bank has determined that the undisbursed proceeds of the Borrower Loan and Borrower's Funds (if any), are insufficient to pay all costs to complete rehabilitation of the Improvements (and all other costs included within the Project Budget), Borrower shall have deposited into the Borrower's Funds Account cash in the amount of such shortfall as provided in Section 7.2.

(g) If required by Bank, Title Insurer shall have issued its continuation endorsement to the Title Policy indicating that since the last preceding disbursement, there: (1) has been no change in the condition of title to the Property; and (2) are no intervening liens that may now or hereafter take priority over the disbursement to be made.

(h) Bank shall have received satisfactory evidence that there are no liens on Personal Property, except as otherwise agreed to by Bank.

(i) All amounts deposited into the Borrower's Funds Account shall have been withdrawn by Borrower to cover Project costs in accordance with the terms and conditions of this Agreement.

(j) Any special conditions set forth in the Special Conditions attached hereto as Exhibit C shall have been satisfied.

5.2.2 Upon satisfaction of the conditions contained in Sections 5.2.1 and 5.4 (as applicable), no more than two (2) times per calendar month following commencement of rehabilitation of the Improvements, Contractor shall submit to Borrower a Draw Request showing the estimated cost of labor performed on and materials incorporated into the Improvements, a pro-rata portion of Contractor's profit

and that pro-rata portion of overhead of Contractor attributable to the rehabilitation of the Improvements. The original of such Draw Request, certified true and correct by Contractor and approved by Borrower, shall be submitted to Bank for payment. Upon verification of the accuracy of the Draw Request by Bank by inspection of the Real Property and Improvements (if required by Bank), Governmental Lender will cause Bank, as agent, to disburse the amount of the respective approved Draw Request in accordance with the Disbursement Schedule (i) directly to Borrower or, upon the occurrence and during the continuance of an Event of Default, directly to Contractor or to such Persons as have actually supplied labor, materials or services in connection with the rehabilitation of the Improvements (at Bank's option as to whom and in what amounts payments are to be made), or (ii) if specifically required by Bank, through a fund control service acceptable to Bank under a fund control agreement in form and content acceptable to Bank.

5.3 Final Disbursement.

5.3.1 Prior to making the final Advance, the conditions set forth in Sections 5.1, 5.2 and 5.4 (as applicable) and the following conditions shall have been satisfied, as determined by Bank:

(a) Bank shall have received confirmation to its satisfaction that the Improvements have been completed substantially in accordance with the Plans and the Construction Contract (if any).

(b) If required by Bank, Bank shall have received a copy of the temporary certificate of occupancy (or its equivalent as determined by Bank) issued by the appropriate Governmental Authority.

(c) Bank shall have received evidence that Borrower has recorded a notice of completion (or its equivalent as determined by Bank) with respect to the Improvements.

(d) Bank shall have received (A) such endorsements to the Title Policy as Bank may require which shall insure that the Improvements have been completed free of all mechanic's and materialmen's liens or claims thereof, or (B) such additional title policies with endorsements as Bank may require, with a liability limit of not less than the principal amount of the Borrower Loan, issued by Title Insurer, with coverage and in form satisfactory to Bank, insuring Governmental Lender's and Bank's interest under the Deed of Trust as a first lien on the Property, excepting only such items as shall have been approved in writing by Bank. Bank may waive the conditions set forth in this Section 5.3.1(d) in its sole discretion.

(e) If requested by Bank, (i) Tax Credit Investor shall have executed and delivered to Bank an estoppel certificate in form and substance reasonably acceptable to the Bank, which shall contain such certifications as Bank shall reasonably require with respect to Tax Credit Investor's obligations under the Partnership Agreement, (ii) the City shall have executed and delivered to Bank an estoppel certificate in a form and substance acceptable to Bank, and which shall contain such certifications as Bank shall reasonably require, with respect to the City Loan Documents, (iii) Seller shall have executed and delivered to Bank an estoppel certificate in a form and substance acceptable to Bank, and which shall contain such certifications as Bank shall reasonably require, with respect to the Seller Loan Documents, and (iv) HCD shall have executed and delivered to Bank an estoppel certificate in a form and substance acceptable to Bank, and which shall contain such certifications as Bank shall reasonably require, with respect to the HCD Loan Documents.

(f) Such evidence as Bank may require evidencing expenditure of Borrower's Equity on Project costs in accordance with this Agreement is at least [\$11,418,451] **[CHECK]** in the aggregate.

5.3.2 The final disbursement shall consist of the payment of any monies retained from progress payments or disbursements as set forth in this Agreement. Subject to the provisions of this

Agreement, the final disbursement shall be made only after Borrower has satisfied the conditions of Sections 5.3.1 and 5.4 (as applicable).

5.4 Additional Conditions to Advances. Bank shall have the right to condition any Advance upon Bank's receipt and approval of the following, each in form and content acceptable to Bank:

5.4.1 The Draw Request.

5.4.2 Bills, invoices, documents of title, vouchers, statements, receipts and any other documents evidencing the total amount expended, incurred or due for any requested line item shown in the Project Budget.

5.4.3 Evidence of Borrower's use of a lien release, joint check or voucher system acceptable to Bank for payments or disbursements to Contractor or to such Persons as have actually supplied labor, materials or services in connection with the rehabilitation of the Improvements.

5.4.4 Architect's, inspector's and/or engineer's periodic certifications of the percentage and/or stage of rehabilitation that has been completed and its conformance to the Plans and any Governmental Requirement based upon such architect's, inspector's and/or engineer's periodic physical inspections of the Real Property and Improvements.

5.4.5 Waivers and releases of any mechanic's lien, stop notice claim, equitable lien claim or other lien claim rights.

5.4.6 Any other documents, requirements, evidence or information that Bank may request under any provision of the Borrower Loan Documents.

5.4.7 Evidence that any goods, materials, supplies, fixtures or other work in progress for which disbursement is requested have been incorporated into the Improvements.

5.4.8 In the event any Draw Request includes the cost of Offsite Materials, such Draw Request shall include each of the following: (a) evidence that the Offsite Materials have been purchased by Borrower, have been segregated from other materials in the facility where they are stored and have been appropriately marked to indicate Borrower's ownership thereof and Bank's security interest therein; (b) evidence that the Offsite Materials are insured as required by this Agreement; and (c) at Bank's request, a security agreement, financing statement, acknowledgment, and/or subordination agreement in form and content satisfactory to Bank executed by the supplier of the Offsite Materials, and/or such other Persons as Bank determines may have an interest in or claim to the Offsite Materials, together with such other additional documentation and evidence as Bank may reasonably require to assure itself that it has a perfected first priority lien on the Offsite Materials.

5.4.9 In the event any Draw Request includes the cost of Onsite Materials, such Draw Request shall include each of the following: (a) evidence that the Onsite Materials have been purchased by Borrower; (b) evidence that the Onsite Materials are insured as required hereunder; and (c) evidence that the Onsite Materials are stored in an area on the Real Property for which adequate security is provided against theft and vandalism.

5.5 Disbursement Limits.

5.5.1 Borrower hereby represents to Bank that, as of the date of this Agreement, the Project Budget represents the total amount needed by Borrower to rehabilitate the Improvements and to perform Borrower's obligations under the Borrower Loan Documents and Funding Loan Documents. Bank shall not be required to make any Advance for any Construction Costs or any other purpose that is not set forth in the Project Budget nor shall Bank be required to make any Advance for any line item in the Project

Budget in an amount that when added to the sum of all prior Advances for that line item would exceed the sum allocated in the Project Budget for that line item.

5.5.2 Bank reserves and shall have the right to make Advances that are allocated to any line items in the Project Budget for such other purposes or in such different proportions as Bank may, in its sole discretion, deem necessary or advisable. Borrower shall have no right whatsoever to reallocate Advances from one line item in the Project Budget to another or otherwise amend the Project Budget without the prior consent of Bank; provided, however, that if Borrower establishes to the reasonable satisfaction of Bank that a cost savings has been effected in a line item, the amount of such savings shall be transferred to the “hard cost” or “soft cost” contingency line item (as appropriate in view of characterization of the line item in question). Amounts allocated to “hard costs” and “soft costs” contingency line items shall be available for payment of cost overruns in “hard costs” and “soft costs” of the Project, respectively, subject to the prior approval of Bank, which approval shall not be unreasonably withheld but may be conditioned upon Bank’s determination that the remaining balance in the contingency line items is likely to be sufficient to cover potential cost overruns in the remaining line items for which work has not been completed and the final payment has not been made.

5.5.3 All Advances shall be made in accordance with the applicable provisions of the Project Budget and the Disbursement Schedule. All funds disbursed to Borrower shall be received by Borrower in trust and Borrower agrees that such funds shall be used only for the payment of those items contemplated by the particular Advance.

5.5.4 Bank shall not be required to disburse an aggregate amount of the proceeds of the Borrower Loan for labor furnished to and materials incorporated into the Improvements during any stage of rehabilitation that exceeds the lesser of (a) the value of such labor and materials, and (b) the amount allocated to that stage of rehabilitation in the Project Budget. In any event, Bank shall not be required to disburse any amount that, in Bank’s opinion, will reduce that portion of the undisbursed proceeds of the Borrower Loan designated for completion of the Improvements below the amount needed to pay for the labor and materials necessary to complete the Improvements.

5.5.5 All Advances shall be first made from Borrower Note A-2 until fully disbursed, and then from Borrower Note A-1.

5.5.6 Notwithstanding anything to the contrary contained herein, disbursements of the Borrower Loan shall be made from the Project Fund held by the Fiscal Agent pursuant to the Funding Loan Agreement.

5.6 Disbursement into Project Fund. Notwithstanding anything to the contrary contained in the Funding Loan Documents or the Borrower Loan Documents, if any portion of the Funding Loan has not been fully disbursed by December 1, 2024 and Conversion has not yet occurred, in the event the Bank determines that legislative, judicial or other developments have occurred or other circumstances have emerged which could result in interest on any undisbursed portions of the Funding Loan (the “Remaining Undisbursed Funding Loan”) not being excluded from gross income for federal income tax purposes, or otherwise determines that it is in the Bank’s best interest to fully fund the Funding Loan in order to assure that interest on the Funding Loan Notes will remain excluded from gross income for federal income tax purposes (each a “Contingency Event”), then Bank may, in its discretion, upon five (5) days’ written notice to Borrower, disburse all or any portion of the Remaining Undisbursed Funding Loan to the Fiscal Agent for deposit into the Project Fund established pursuant to the Funding Loan Agreement, at which time the proceeds so advanced shall constitute (i) an advance of the applicable portion of the Funding Loan to the Governmental Lender, and (ii) an advance of the applicable portion of the Borrower Loan by Governmental Lender to the Borrower, unless Bank receives an opinion of Tax Counsel to the effect that the draw of Funding Loan proceeds after the Contingency Event will not adversely affect the exclusion of interest on the Funding Loan Notes from gross income for federal income tax purposes. The portion of the Borrower Loan disbursed into the Project Fund pursuant to this Section shall be deemed outstanding as of the date advanced into the Project Fund and will immediately commence to accrue interest as provided in the Borrower Notes. All funds disbursed into the Project Fund shall continue to be disbursed by Bank to pay

Project costs pursuant to the provisions of the Funding Loan Agreement, this Section 5 and the Disbursement Schedule as if they were Advances of the Borrower Loan.

5.7 Disbursement of Funds from Seller Loan Account. On or prior to the closing of the Borrower Loan and as a condition precedent thereto, Borrower shall (i) establish with Bank the Seller Loan Account and execute the Security Agreement, and (ii) deposit into the Seller Loan Account the amount of [\$ _____] [CHECK]. Upon such time as Bank receives evidence reasonably acceptable to Bank that more than fifty percent (50%) of the aggregate basis of the Project has been financed by the proceeds of the Borrower Loan, all amounts on deposit in the Seller Loan Account shall be applied to repay the Borrower Loan.

5.8 Disbursement of Funds from NOI Account.

5.8.1 On or prior to the closing of the Borrower Loan and as a condition precedent thereto, Borrower shall establish with Bank the NOI Account and execute the Security Agreement. Commencing on the first (1st) day of the first month immediately following the Closing Date, and continuing on the first day of every month thereafter, Borrower shall deposit or cause to be deposited into the NOI Account an amount equal to no less than [\$ _____] [CHECK] each month.

5.8.2 Subject to Bank's approval (which may be granted or withheld in Bank's sole and absolute discretion), Borrower shall be entitled to withdraw funds from the NOI Account from time to time (but no more often than once every thirty (30) days and in an amount of no less than \$1,000 for each such withdrawal) to cover Project costs, but only upon ten (10) days prior written notice from Borrower to Bank requesting to withdraw such funds and only so long as no Event of Default exists and no event has occurred that, with the giving of notice or the passage of time, or both, would constitute an Event of Default. Said written request shall set forth the amount of funds Borrower wishes to withdraw from the NOI Account, shall set forth with specificity those Project costs for which the funds are to be used and shall be accompanied by copies of invoices or other evidence satisfactory to Bank confirming the cost of such Project costs. Bank may also condition the withdrawal of funds from the NOI Account upon delivery by Borrower of such contractor's affidavits, owner's sworn statements, partial and final waivers of lien and other additional documentation Bank may require to ensure that any work performed in connection with the applicable Project costs have been completed free and clear of any claims of lien, and in a good and workmanlike manner and otherwise in accordance with all applicable legal requirements. The disbursement of funds withdrawn from the NOI Account may be made, in Bank's discretion, either directly to the parties entitled thereto or to Borrower to pay the same. If such funds are disbursed directly to Borrower, Borrower shall provide Bank with evidence of the payment of the cost of the Project costs within thirty (30) days after Bank's written request therefor following the date such funds are withdrawn from the NOI Account.

5.8.3 In the event the Bank determines that the funds in the Interest Reserve are insufficient to pay the interest required under the terms of the Borrower Notes during the Construction Phase, Bank shall have the option, in its sole discretion, to use funds deposited in the NOI Account to re-balance the Interest Reserve to assure that there are sufficient funds in the Interest Reserve to pay the interest required under the terms of the Borrower Notes.

5.8.4 On the Conversion Date, all amounts remaining on deposit in the NOI Account shall be applied to repay the Borrower Loan.

6. REPRESENTATIONS AND WARRANTIES OF BORROWER. Borrower makes the following representations and warranties for the benefit of Governmental Lender and Bank, each of which is material and is relied upon by Governmental Lender in making the Borrower Loan and Governmental Lender and Bank in executing this Agreement. Each of the following representations and warranties shall be true and accurate in all material respects as of the Contract Date, the Closing Date and upon disbursement of the Initial Disbursement and each Advance. Borrower agrees that such representations and warranties shall survive and continue until full and final payment of all sums owed under the Borrower Loan Documents.

6.1 Formation/Authority. Borrower has complied with all laws and regulations concerning Borrower's organization, existence and the transaction of Borrower's business, and is in good standing in each state in which Borrower conducts business. Borrower is authorized to execute, deliver and perform Borrower's obligations under each of the Borrower Loan Documents and the Funding Loan Documents, and Borrower is authorized to rehabilitate the Improvements and to own and operate the Property. The officers of the Borrower executing this Agreement and the Borrower Loan Documents are duly and properly in office and fully authorized to execute the same. This Agreement and the Borrower Loan Documents have been duly authorized, executed and delivered by the Borrower.

6.2 Enforceability. The Borrower Loan Documents have, by proper action, been duly authorized, executed and delivered by the Borrower and all steps necessary have been taken to constitute the Borrower Loan Documents such that they are the valid and binding obligations of the Borrower, enforceable in accordance with their terms except as may be limited by laws relating to bankruptcy, insolvency, reorganization or moratorium or other similar laws affecting creditors' rights.

6.3 No Conflicts and Defaults Under Existing Agreements. The execution and delivery of this Agreement, the Borrower Loan Documents and the Funding Loan Documents, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the organizational or other governing documents of the Borrower or to the best knowledge of the Borrower and with respect to the Borrower, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or its properties are otherwise subject or bound, or 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, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Agreement or the Borrower Loan Documents, or the financial condition, assets, properties or operations of the Borrower.

6.4 No Actions. There are no actions, suits or proceedings pending or, to the best knowledge of Borrower, threatened against or affecting Borrower or the Property or involving the validity, priority or enforceability of the Deed of Trust or any other Borrower Loan Document or Funding Loan Documents or affecting Bank's right to receive payment in full of all amounts outstanding under this Agreement, the other Borrower Loan Documents or the Funding Loan Documents. Borrower is not in default with respect to any order, writ, injunction, decree or demand of any court or any Governmental Authority. There (a) is no completed, pending or, to the best of Borrower's knowledge, threatened bankruptcy, reorganization, receivership, insolvency or like proceeding, whether voluntary or involuntary, affecting the Property, the Borrower, or any Loan Party, and (b) has been no assertion or exercise of jurisdiction over the Property, the Borrower or any Loan Party by any court empowered to exercise bankruptcy powers. Borrower is not presently under any cease or desist order or other orders of a similar nature, temporary or permanent, of any Governmental Authority that would have the effect of preventing or hindering performance of its duties under this Agreement, any other Borrower Loan Documents or any Funding Loan Documents, nor are there any proceedings presently in progress or to its knowledge contemplated that would, if successful, lead to the issuance of any such order. All tax returns (federal, state and local) required to be filed by or on behalf of the Borrower as of the date this representation is made or remade 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.

6.5 Other Liens. Borrower has made no contract or arrangement of any kind, the performance of which by the other party thereto would give rise to a lien on the Property, except for its arrangements with the Architect, the Contractor or the subcontractors if there is no Contractor.

6.6 Leases. All Leases are in full force and effect, there are no defaults under any of the provisions thereof by any party thereto, and all conditions to the effectiveness or continuing effectiveness of the Leases required to be satisfied as of the date hereof have been satisfied (if any).

6.7 Financial Statements. The Financial Statements delivered to Bank by Borrower and any Loan Party are true and correct in all material respects, have been prepared in accordance with accounting practices and principles acceptable to Bank and consistently applied, and fairly present the financial condition(s) of the Person(s) referred to therein as of the respective dates; no materially adverse change has occurred in the financial condition reflected in any such financial statement since the date shown thereon, and no additional material liabilities have been incurred by any such Person since the date thereof other than the borrowing contemplated hereby or other borrowing disclosed in writing to and approved by Bank.

6.8 Compliance With Laws. The Property and the actual use thereof by Borrower will comply in all material respects with all Governmental Requirements. Borrower has received no notices of violations of any Governmental Requirement.

6.9 Permits, Approvals, Licenses. Except for the certificate of occupancy, Borrower has obtained all licenses, permits and approvals necessary for the ownership, rehabilitation, operation and management of the Property, including all approvals essential to the transactions contemplated by this Agreement, the Funding Loan Documents, the Borrower Loan Documents and any other documents contemplated hereby or thereby

6.10 Ownership of Real Property. Borrower has, or as of the Closing Date will have, and will continue to have fee simple title to the Real Property, subject only to the Permitted Liens. The Borrower is the sole borrower under the Borrower Loan. Borrower shall make no changes to the Property, when it is built, or to the operation thereof that would affect the qualification of the Property under the Act. The Borrower intends to utilize the Property as multifamily rental housing during the Qualified Project Period (as defined in the Tax-Exempt Regulatory Agreement).

6.11 Ownership of Personal Property. Borrower owns directly all of the Personal Property free and clear of all liens, encumbrances and adverse claims and the security interest of Bank in the Personal Property shall be a first lien thereon.

6.12 Other Financing. Except for the City Loan, the HCD Loan and the Seller Loan or as otherwise disclosed in writing to Bank and approved by Bank in writing prior to the Closing Date, Borrower has not received other financing for either the acquisition of the Property or the rehabilitation and installation of the Improvements.

6.13 Plans, Defects. The Plans are satisfactory to Borrower, and to the extent required by any Governmental Requirement or any effective restrictive covenant, have been approved by all applicable Governmental Authorities and the beneficiaries of any such covenant respectively; the Plans so approved have been approved by Borrower and Contractor as set forth in the Certification of Plans and Specifications delivered to Bank by Borrower. The Borrower will make no changes to the Property or to the operation thereof which would affect the qualification of the Property under the Act or the Code.

6.14 Utilities. All utility services necessary for the rehabilitation of the Improvements and the operation thereof for their intended purpose are either available at the boundaries of the Real Property or all necessary steps have been taken by Borrower and applicable Governmental Authorities to assure the complete rehabilitation and installation thereof, including water supply, storm drain and sanitary sewer facilities, and gas, electric, cable and telephone facilities.

6.15 Roads. All roads necessary for the full use of the Improvements for their intended purposes have been completed or the necessary rights-of-way therefore have either been acquired by the applicable Governmental Authority or dedicated to public use and accepted by such Governmental

Authority. All necessary steps have been taken by Borrower and such Governmental Authority to assure the complete rehabilitation thereof.

6.16 CC&Rs, Zoning. Borrower has examined, is familiar with, and the Improvements will in all respects conform to and comply with, all covenants, conditions, restrictions, reservations and zoning ordinances affecting the Property.

6.17 Finder's Fees. Borrower has not dealt with any Person who is or may be entitled to any finder's fee, brokerage commission, loan commission or other sum in connection with the execution of this Agreement, consummation of the transactions contemplated hereby, or the making of the Borrower Loan to Borrower.

6.18 Draw Request. Each Draw Request shall be true, complete and accurate and the submission of same shall constitute a reaffirmation of the representations, warranties and covenants contained herein.

6.19 Other Information. No information, statement or report furnished in writing to Governmental Lender or Bank by Borrower, any Loan Party or any of their respective representatives in connection with this Agreement, the Funding Loan Documents or the other Borrower Loan Documents or the consummation of the transactions contemplated hereby and thereby (including, without limitation, any information furnished by Borrower in connection with the preparation of any materials related to the issuance, delivery or offering of the Funding Loan Notes) contains any material misstatement of fact or omits to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading; and the representations and warranties of Borrower and the statements, information and descriptions contained in Borrower's closing certificates, as of the Closing Date, are true, correct and complete, do not contain any untrue statement or misleading statement of a material fact, and do 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 Borrower delivered as of the Closing Date are reasonable and based on the best information available to Borrower.

6.20 No Default. No event has occurred and no condition exists with respect to Borrower, any Loan Party or the Property that would constitute an Event of Default or with the giving of notice or passage of time, or both, if not cured would become an Event of Default.

6.21 Tax Certificate. Borrower has complied with all terms and conditions of the Tax Certificate, including the terms and conditions of the exhibits thereto, and the representations set forth in the Tax Certificate pertaining to Borrower and the Property are true and accurate.

6.22 Regulatory Agreement. Borrower is not in default under the Regulatory Agreements. The Property is, as of the Closing Date, in compliance with all requirements of the Regulatory Agreements, including all applicable requirements of the Act and the Code. Borrower intends to cause the residential units at the Property to be rented or available for rental on a basis that satisfies the requirements of the Regulatory Agreements, including all applicable requirements of the Act and the Code. All Leases will comply with all Governmental Requirements and the Regulatory Agreements. The Property meets the requirements of this Agreement, the Regulatory Agreements, the Act and the Code with respect to multifamily rental housing.

6.23 No Governmental Lender Relationships. To the best knowledge of Borrower, no member, officer, agent or employee of Governmental Lender 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 Funding Loan Notes, the Funding Loan Documents, the Borrower Loan Documents, Borrower, any Loan Party or the Property, in any contract for property or materials to be furnished or used in connection with the Property, or in any aspect of the transactions contemplated by the Funding Loan Documents or the Borrower Loan Documents.

6.24 Authorizations and Consents. 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 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 Agreement, the Funding Loan Documents, the Borrower Loan Documents or any other documents contemplated by this Agreement, the Funding Loan Documents or the Borrower Loan Documents, or the performance of the terms and provisions hereof or thereof by the Borrower.

6.25 No Reliance. Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Property; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or Governmental Lender is a party or of which it is a beneficiary including, without limitation, the Funding Loan Agreement; that it understands the risks inherent in such transactions, including, without limitation, the risk of loss of the Property; and that it has not relied on the Governmental Lender or Bank for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Agreement, the Funding Loan Agreement or otherwise relied on Governmental Lender, Bank or Bank in any manner.

6.26 Environmental Matters. Borrower has not received any notice that it or the Property 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 (collectively “Environmental Laws”), or with any rules, regulations and administrative orders of any Governmental Authority, or with any judgments, decrees or orders of any court of competent jurisdiction with respect thereto; and 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 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.

6.27 ERISA. Borrower has not received any notice that it is not in full compliance with the Employment Retirement Income Security Act of 1974, as amended, and the Department of Labor regulations thereunder, with the Code and with terms of such plan or plans with respect to each pension or welfare benefit plan to which Borrower is a party or makes any employer contributions with respect to its employees, for the current or prior plan years of such plans.

6.28 Funding Loan Notes. The weighted average maturity of the Funding Loan Notes does not exceed 120% of the average reasonably expected economic life of the Property financed with the proceeds of the Borrower Loan. The Funding Loan Notes are not and shall not be “federally guaranteed” as defined in Section 149(b) of the Code. Borrower intends to hold the Property 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 Property.

6.29 Tax Credit Allocation Documents Effective. The Tax Credit Allocation Documents are in full force and effect and have not been revoked, amended or modified in any way. Borrower knows of no reason why Project Completion could not occur on or before the Completion Date.

6.30 Satisfaction of Conditions under Tax Credit Allocation Documents, City Loan Documents, Seller Loan Documents and HCD Loan Documents. Each and every covenant, condition and obligation contained in the Tax Credit Allocation Documents, the City Loan Documents, the Seller Loan Documents and HCD Loan Documents required to be performed or satisfied by Borrower as of the date hereof, and each and every matter required to be approved thereunder as of the date hereof, has been satisfied or approved, as applicable.

6.31 Tax Credits Not Subject to State Ceiling. Fifty Percent (50%) or more of the aggregate basis of the Improvements and Borrower's interest in the Property will be financed with proceeds from the Funding Loan Notes and, therefore, paragraph (1) of Section 42(h) of the Code will not apply to the Tax Credits by virtue of the provisions set forth in subparagraph (4)(B) of Section 42(h) of the Code.

6.32 Additional Representations, Covenants and Warranties. Borrower also makes the representations, covenants and warranties set forth in Section 1 of the Special Conditions attached hereto as Exhibit C.

7. BORROWER'S COVENANTS. Borrower covenants and agrees with Governmental Lender and Bank that until the full and final payment of all sums owed under the Borrower Loan Documents and the Funding Loan Documents, unless Bank (or the Governmental Lender as to its Retained Rights) waives compliance in writing:

7.1 Application of Advances. Borrower shall receive the Advances made hereunder in trust, strictly for the purpose of paying the costs identified in the request for such Advance.

7.2 Borrower's Funds. At the time and in amounts required by Bank, Borrower shall deposit Borrower's Funds into the Borrower's Funds Account. Should it appear at any time in Bank's judgment that the sum of undisbursed proceeds of the Borrower Loan and the then balance of the Borrower's Funds Account are insufficient to provide the financing for completion of the Improvements, Borrower shall pay to Bank, within ten days following receipt of written demand by Bank, an amount equal to such deficiency for deposit into the Borrower's Funds Account.

7.3 Lien Priority. At Borrower's sole cost and expense, Borrower shall maintain the Deed of Trust as a first lien on the Property, subject to the HCD Loan Senior Restrictions and Permitted Liens.

7.4 Construction Start and Completion.

7.4.1 Borrower shall not commence rehabilitation of the Improvements, including, but not limited to, grading and site clearance, and shall not undertake any other act on the Real Property prior to recordation of the Deed of Trust, the result of which would cause any mechanics' or materialmen's lien thereafter filed to take priority over the lien of the Deed of Trust, unless prior arrangements satisfactory to both Bank and Title Insurer have been made.

7.4.2 Borrower shall cause rehabilitation of the Improvements to be commenced not more than thirty (30) days after the recordation of the Deed of Trust.

7.4.3 Borrower shall cause (a) the Improvements to be rehabilitated in a good and workmanlike manner, with materials of high quality, and in accordance with the Plans, Governmental Requirements and sound building and engineering practices, (b) the rehabilitation of the Improvements to be prosecuted with diligence and continuity and completed in substantial conformity with the Plans and to otherwise cause Project Completion to occur on or before the Completion Date, free and clear of liens or claims for liens (other than liens that have been bonded to the reasonable satisfaction of Bank), and (c) all licenses and permits necessary for the occupancy, use or sale of the Improvements to be issued. Borrower shall promptly commence and diligently proceed with the Project.

7.4.4 Borrower shall complete the rehabilitation of the Improvements on or before the Completion Date. The rehabilitation of the Improvements shall be considered complete for purposes of this Agreement only when (a) the rehabilitation of the Improvements has been completed substantially in accordance with the Plans and has been fully paid for subject to Borrower's obligations to pay and discharge or cause the release or discharge of any mechanics' lien as provided in Section 7.14, (b) all work requiring inspection or certification by any Governmental Authority has been completed and all requisite certificates, approvals and other necessary authorizations (including any required certificates of occupancy including, but not limited to, temporary certificates of occupancy) have been obtained, and (c) streets and offsite

utilities located within or pertaining to the Property have been completed to the satisfaction of all applicable authorities.

7.5 Change Orders.

7.5.1 Borrower shall not permit any change in the Plans without Bank's prior consent if any such change (a) constitutes a material change in material or equipment specifications, architectural or structural design, or the value or quality of the Improvements, or (b) would result in an increase or decrease in the cost of rehabilitation of the Improvements in excess of the Single Change Order Limit for any single change, or in excess of the Aggregate Change Order Limit for all changes.

7.5.2 Borrower shall submit any proposed change in the Plans to Bank not later than ten Business Days prior to the commencement of rehabilitation relating to such change.

7.5.3 Borrower shall deliver to Bank in connection with any proposed change requiring Bank's prior written consent (a) a written request therefor, together with working drawings and a written description of the proposed change, submitted on a change order form acceptable to Bank and executed by Borrower, Architect and Contractor, and (b) evidence satisfactory to Bank as to the cost and time necessary to complete the proposed change.

7.5.4 Prior to permitting any change in the Plans requiring Bank's consent, Borrower shall satisfy any condition of Bank's consent, including, but not limited to, depositing funds to cover any increased Construction Costs into the Borrower's Funds Account as required by Bank, which Bank is authorized to disburse in accordance with the Project Budget and the Disbursement Schedule for payment of such Change Orders upon completion of such changes to Bank's satisfaction.

7.6 Detailed Cost Breakdown. Borrower shall not modify the Project Budget or the Detailed Cost Breakdown without Bank's prior written consent, which consent may be conditioned upon, among other things, (a) Bank's receipt of evidence satisfactory to Bank that the change in the Project Budget or the Detailed Cost Breakdown is reasonably necessary, and (b) Bank's confirmation that, in the opinion of Bank, sufficient funds remain in the undisbursed proceeds of the Borrower Loan (and any funds in the Borrower's Funds Account, if any) to pay for all remaining direct or indirect costs to complete rehabilitation of the Improvements.

7.7 Contractor Covenants. Borrower shall (a) require from the Contractor (i) covenants similar to the covenants made by Borrower in Sections 7.3, 7.4 and 7.5, and (ii) a covenant that Contractor will, upon request, deliver to Bank the names of all Persons with whom Contractor has contracted or intends to contract for rehabilitation of the Improvements or for furnishing of labor or materials therefore; and (b) cause the Contractor (or if no Contractor, the subcontractors) to cooperate with Bank. Cost savings shall be transferred to contingency line items and thereafter be available for disbursement as provided in Section 5.5.2.

7.8 Construction Contract Only. Borrower shall not execute any contract or become party to any arrangement for the performance of work on the Real Property with any Person except Contractor, and if there is no Contractor, Borrower shall contract only with major subcontractors approved by Bank for the performance of work on the Real Property.

7.9 Paid Vouchers. Borrower shall deliver to Bank, on demand, any contracts, bills of sale, statements, receipted vouchers or agreements under which Borrower claims title to any materials, fixtures or articles incorporated in the Improvements.

7.10 Application of Disbursements. Borrower shall receive the disbursements to be made hereunder in trust, strictly for the purpose of paying the costs identified in the request for such disbursement.

7.11 Intentionally Omitted.

7.12 Personal Property Installation. Without Bank's written consent, Borrower shall not install materials, personal property, equipment, or fixtures subject to any security agreement or other agreement or contract giving any Person other than Borrower any right or title to such property.

7.13 Defect Corrections. Upon demand of Bank, Borrower shall correct any defect in the Improvements or any departure from the Plans not approved by Bank.

7.14 Stop Notices; Mechanic's Liens. If (a) a bonded stop notice is received by Bank that Bank believes requires the withholding of funds from any Advance or from any disbursement of proceeds from the Borrower's Funds Account, or (b) a mechanics' lien, material supplier's lien or other construction lien is recorded against the Real Property, then Borrower shall within 20 days of such receipt or recordation or within fifteen (15) days of Bank's demand (whichever first occurs):

7.14.1 pay and discharge same;

7.14.2 effect the release of same by recording a surety bond in sufficient form and amount issued by a surety acceptable to Bank; or

7.14.3 provide Bank with such other assurance as Bank, in its sole discretion, deems to be satisfactory for the payment of, and protection of Bank from, such lien or bonded stop notice.

7.15 Record Keeping, Financial and Other Information. Borrower shall keep and maintain full and complete books of account and other records reflecting the results of operations of the Property in accordance with accounting practices and principles acceptable to Bank and consistently applied, and shall furnish or cause to be furnished to Bank such financial information concerning Borrower, each Loan Party and the Property as Bank may require, including but not limited to:

7.15.1 within forty-five (45) days after the close of each quarter, except for the final quarter of each year, Borrower's and Guarantor's Financial Statement as of the close of such period,

7.15.2 within one hundred twenty (120) days of the close of each fiscal year-end, the annual Financial Statements for Borrower and each Guarantor. The Financial Statements of Borrower may be prepared by Borrower and certified as true and correct by the chief financial officer of Borrower or Guarantor. The Financial Statements of Guarantor shall be audited by an independent certified public accountant,

7.15.3 within thirty (30) days after written request by Bank, a copy of the most recent filed Federal income tax returns for Borrower and each Loan Party (to the extent such Loan Party is not a disregarded entity for income tax purposes), together with all supporting schedules,

7.15.4 within thirty (30) days after written request by Bank, the Financial Statements of Borrower and each Loan Party,

7.15.5 within forty-five (45) days after the close of each quarter, including the final quarter of each year, a certified statement of Liquid Assets for Guarantor,

7.15.6 within thirty (30) days of the final quarter of each year, a projected cash flow statement for the next succeeding calendar year for Guarantor, and

7.15.7 promptly, upon request, provide any other financial information reasonably requested by Bank.

7.16 Post-Construction Financial Reporting. Upon completion of rehabilitation of the Improvements, Borrower shall furnish to Bank, without prior request or demand:

7.16.1 Within thirty (30) days after the close of each calendar month prior to the Conversion Date and, thereafter within thirty (30) days of written request by Bank, a monthly or quarterly (as applicable) Operating Statement, a current rent roll and, if retail property, a schedule of gross sales; and

7.16.2 Within one hundred twenty (120) days after the close of the operating year for the Property, an annual Operating Statement.

7.17 Audit, Appraisal and Inspection Rights. Borrower shall permit any representative of Governmental Lender or Bank, at any reasonable time, to inspect, audit and examine and copy the books and records of Borrower and each Loan Party. Bank shall have the right to obtain new appraisals or update existing appraisals at its sole cost and expense at any time while the Borrower Loan or any portion thereof remains outstanding. Borrower agrees to cooperate with Bank and the appraiser (and use best efforts to cause the tenants on the Project to cooperate with Bank and the appraiser) in permitting access to the Property and in obtaining operating and other relevant information on the Property. Following an Event of Default hereunder or in the case of a request to transfer the Property pursuant to the Deed of Trust, Borrower shall pay all appraisal fees and related expenses incurred by Bank in obtaining such appraisal reports.

7.18 Dividends, Distributions. Following the occurrence and during the continuance of an Event of Default, Borrower shall not (a) make any distribution either in cash, stock or any other property, (b) redeem, retire, repurchase or otherwise acquire any shares or interest in Borrower, or (c) repay any outstanding indebtedness or other advance to any shareholder, partner, member or, if a trust, any trustor or beneficiary of Borrower.

7.19 Payment of Lawful Claims. Borrower shall pay or discharge all lawful claims, including taxes, assessments and governmental charges or levies imposed upon Borrower or Borrower's income or profits or upon any property belonging to Borrower prior to the date upon which any penalties attach; provided that Borrower shall not be required to pay any such tax, assessment, charge or levy, the payment of which is being contested in good faith and by proper proceedings and for which Borrower is maintaining adequate reserves in accordance with generally accepted accounting principles.

7.20 Payment of Costs. Borrower shall pay all costs and expenses incurred by Bank in connection with the enforcement by Bank of any of Borrower's obligations under this Agreement or the other Borrower Loan Documents, and the preparation of this Agreement and the other Borrower Loan Documents, including but not limited to (a) all appraisal fees, cost engineering and inspection fees, legal fees and expenses (including the fees and costs of in-house counsel and legal staff), accounting fees, environmental consultant fees and costs of title insurance, survey, seismic, escrow and other fees and charges, and (b) all taxes and recording expenses, including stamp taxes, if any.

7.21 Approval of Easements and Other Documents. Borrower shall submit to Bank for Bank's approval all prospective easements, private or public dedications, and declarations of covenants, conditions and restrictions intended to affect the Real Property and Bank's approval shall be obtained in writing prior to the execution or granting thereof by Borrower. Borrower's request for approval of any prospective easement or private or public dedication shall be accompanied by a drawing or survey showing the precise location of such prospective easement or private or public dedication. Borrower's request for approval of any prospective declaration of covenants, conditions and restrictions shall be accompanied by a description of the property affected thereby.

7.22 Compliance with Laws; Preservation of Rights.

7.22.1 Borrower shall comply promptly with all Governmental Requirements, and shall obtain, preserve and maintain in good standing, as applicable, all rights, privileges and franchises necessary or desirable for the operation of the Property and the conduct of Borrower's business thereon and therefrom.

7.22.2 If the Improvements contain wooden exterior elevated elements with load bearing components, Borrower shall comply with the requirements of California Health and Safety Code Section 17973, including all inspection and reporting requirements.

7.22.3 If payment of the indebtedness secured by the Deed of Trust or any of the other Security Documents is to be insured or guaranteed by any governmental agency, Borrower shall comply with all rules, regulations, requirements and statutes relating thereto or provided in any commitment issued by any such agency to insure or guarantee payment of such indebtedness.

7.23 Notices. Borrower shall promptly and in no event less than ten (10) Business Days after Borrower receives notice thereof notify Bank and the Governmental Lender in writing of:

7.23.1 the occurrence of any Event of Default or any event which, with the passage of time or service of notice or both, would constitute an Event of Default, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto;

7.23.2 any litigation affecting Borrower, any Loan Party or the Property, or any other circumstance, event or occurrence that may reasonably be expected to result in a material adverse change in (a) the financial condition of Borrower or any Loan Party, (b) Borrower's ability to timely perform any of Borrower's obligations under any of the Borrower Loan Documents and the Funding Loan Documents, (c) the physical condition or operation of the Property; or (d) the tax exempt status of the interest payable on the Funding Loan Notes;

7.23.3 the issuance against any Loan Party or the property of any Loan Party of any writ of attachment, execution or other judicial lien, which is not dismissed within fifteen (15) days;

7.23.4 any notice that the Improvements or rehabilitation thereof, the Property or Borrower's business fails in any respect to comply with the applicable Governmental Requirement; and

7.23.5 the occurrence (or receipt of written notice) of any default under the Regulatory Agreements, the City Loan Documents, the Seller Loan Documents or the HCD Loan Documents.

7.24 Indemnity.

7.24.1 Borrower shall indemnify, defend and hold each of the Indemnified Parties harmless from and against any and all liabilities, claims, actions, proceedings, damages, costs and expenses (including all reasonable attorney's fees, including, but not limited to, the fees and costs of any of such party's in-house counsel and legal staff) arising out of or resulting from:

(a) The Borrower Loan, the Borrower Loan Documents, the Funding Loan Documents, Regulatory Agreements, City Loan Documents, the Seller Loan Documents, the HCD Loan Documents or the execution or amendment or performance thereof or in connection with the transactions contemplated therein, including the issuance, sale and/or resale of the Funding Loan Notes.

(b) Any finder's fee, brokerage commission, loan commission or other sum in connection with the consummation of the transactions contemplated hereby.

(c) The development of the Property, rehabilitation of the Improvements or the ownership, operation or use of the Property

(d) Any declaration of taxability of interest on the Funding Loan Notes, or allegations (or regulatory inquiry) that interest on the Funding Loan Notes are taxable, for federal tax purposes.

(e) The issuance of any Set Aside Letter, whether such matters are based on theories of derivative liability, comparative negligence or otherwise, at Borrower's own cost and with counsel approved by Bank, unless Bank elects to conduct its own defense at the expense of Borrower in the event Bank reasonably determines a conflict of interest exists by reason of common representation of if all parties commonly represented do not agree as to the action (or inaction) of counsel.

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

(g) Any lien (other than a Permitted Lien) or charge upon payments by the Borrower to the Governmental Lender and/or the Bank hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Governmental Lender in respect of any portion of the Project.

(h) Any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof other than violations that arose subsequent to Borrower's ownership of the Property and do not relate to Borrower's prior ownership of the Property.

(i) The prepayment, in whole or in part, of the Funding Loan Notes.

(j) Any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower contained in any closing certificate, offering statement or disclosure or continuing disclosure document for the Funding Loan Notes or any of the documents relating to the Funding Loan Notes to which the Borrower is a party, or any omission or alleged omission from any offering statement or disclosure or continuing disclosure document for the Funding Loan Notes of any material fact necessary to be stated therein in order to make the statements made therein by the Borrower, in the light of the circumstances under which they were made, not misleading.

(k) The Bank's acceptance or administration of the Funding Loan Agreement, or the exercise or performance of any of its powers or duties as Bank thereunder or under any of the documents relating to the Funding Loan Notes to which it is a party.

Notwithstanding the foregoing, Borrower shall not be required to indemnify and hold the Indemnified Parties harmless from any liability, claim, action, damage, cost, or expense to the extent such liability, claim, action, damage, cost or expense results solely from the willful misconduct of the Governmental Lender, each of its respective officers, members governing members or partners, directors, employees, attorneys and agents, past, present and future and the gross negligence or willful misconduct of such other Indemnified Party.

7.24.2 The liability of Borrower under this indemnity shall not be limited or impaired in any way by (a) the release, reconveyance, foreclosure or other termination of the Deed of Trust, the payment in full of the Borrower Loan, any bankruptcy or other bankruptcy proceeding, or any other event whatsoever; (b) any provision in the Borrower Loan Documents or the Funding Loan Documents or applicable law limiting Borrower's liability or any Indemnified Party's recourse or rights to a deficiency judgment; or (c) any change, extension, release, inaccuracy, breach or failure to perform by any party under the Borrower Loan Documents or the Funding Loan Documents. Borrower's liability hereunder is direct and primary and not secondary as a guarantor or surety.

7.24.3 This indemnity is not intended to give rise to, and shall not give rise to, a right of Bank to claim payment of the principal and accrued interest with respect to the Borrower Loan as a result of a claim under this Section 7.24.

7.24.4 In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, Borrower, upon written notice from such Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by such Indemnified Party, 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 such Indemnified Party 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 Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of Borrower if, in the judgment of such Indemnified Party, a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

7.24.5 Notwithstanding any transfer of the Property to another owner in accordance with the provisions of this Agreement, Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section 7.24 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 Borrower hereunder.

7.24.6 The rights of any persons to indemnity hereunder and to payment of fees and reimbursement of expenses pursuant to this Agreement shall survive the final payment or defeasance of the Borrower Loan and the Funding Loan Notes and, in the case of Bank, any resignation. The provisions of this Section 7.24 shall survive the termination of this Agreement.

7.24.7 This indemnity is in addition to, and shall in no way limit the provisions of Section 9 of the Tax-Exempt Regulatory Agreement. With respect to the Governmental Lender, the Tax-Exempt Regulatory Agreement shall control in any conflicts between this Section 7.24 and Section 9 of the Tax-Exempt Regulatory Agreement.

7.25 Performance of Acts. Upon request by Bank, Borrower shall perform all acts that may be necessary or advisable to perfect any lien or security interest provided for in the Borrower Loan Documents or the Funding Loan Documents to carry out the intent of the Borrower Loan Documents or the Funding Loan Documents.

7.26 Notice of Change. Borrower shall give Bank prior written notice of any change in the location of Borrower's place of business (or Borrower's chief executive office if Borrower has more than one place of business) or Borrower's name, business structure or place of incorporation or other formation, and, unless otherwise approved by Bank in writing, Borrower shall maintain all tangible Personal Property (other than the books and records) at the Real Property and all books and records at Borrower's place of business (or chief executive office if Borrower has more than one place of business).

7.27 Tax Certificate. Borrower shall timely comply with all of its obligations under the Tax Certificate (which Tax Certificate is hereby incorporated herein as fully as if set forth at length herein). Notwithstanding anything in this Agreement to the contrary, in the event of a conflict between the terms of this Agreement and the Tax Certificate, the terms of the Tax Certificate shall control.

7.28 Funding Loan Documents. Borrower shall timely perform its obligations under the Funding Loan Documents.

7.29 Regulatory Agreements. Borrower hereby covenants and agrees (a) to comply with all provisions of the Regulatory Agreements; to advise Bank and Governmental Lender in writing promptly

upon learning of any default with respect to the covenants, obligations and agreements of Borrower set forth in the Regulatory Agreements; (b) upon written direction by Governmental Lender, to cooperate fully and promptly with Governmental Lender in enforcing the terms and provisions of the Tax-Exempt Regulatory Agreement; and (c) to file in accordance with the time limits established by the Regulatory Agreements all reports and certificates required thereunder, and the rebate certifications required by the Tax-Exempt Regulatory Agreement. Neither Governmental Lender nor Bank shall incur any liability in the event of any breach or violation of any of the Regulatory Agreements by Borrower, and Borrower agrees to indemnify the Indemnified Parties from any claim or liability for any such breach under the Regulatory Agreements. If an event of default occurs under the Tax-Exempt Regulatory Agreement, the Governmental Lender may declare an event of default or exercise any available remedy under the Tax-Exempt Regulatory Agreement, however, the Governmental Lender may not, without the prior written consent of the Funding Lender, (i) declare the principal of, and the interest accrued on, the Borrower Note to be immediately due and payable, (ii) declare an event of default under the other Borrower Loan Documents, (iii) commence foreclosure proceedings under the Deed of Trust, or (iv) exercise any other remedy under the Borrower Loan Documents, except with respect to enforcement of Reserved Rights.

7.30 Prohibited Activities. Without Bank's prior written consent Borrower shall not:

7.30.1 Engage in any business activities substantially different from Borrower's present business or liquidate or dissolve Borrower's business;

7.30.2 Suffer or permit any liens or encumbrances to be placed on the Property other than the Permitted Liens.

7.30.3 Merge or consolidate with or into, or enter into any partnership, joint venture, syndicate or similar business arrangement with, any Person or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person.

7.30.4 Transfer any interest in the Property (other than the lease of residential units within the Property for a term of one-year or less and otherwise in compliance with the Regulatory Agreements and dispositions of Personal Property expressly permitted by the Borrower Loan Documents) without the prior written consent of Bank, which consent may be withheld in Bank's absolute discretion. In connection with the foregoing consent requirements, Borrower acknowledges that Bank relied upon Borrower's particular expertise in entering into this Agreement and continues to rely on such expertise to ensure the satisfactory completion and operation of the Property. Transfers requiring Bank's prior written consent shall include, without limitation, (a) involuntary transfers and transfers by operation of law; (b) liens and assignments as security for obligations, whether voluntary or involuntary; and (c) except as otherwise expressly permitted by the terms of the Deed of Trust, the issuance, sale, assignment, disposition, encumbering or other transfer of any direct or indirect ownership interest in Borrower, any Loan Party or any general partner, member or shareholder of any Loan Party, whether voluntary or involuntary, by operation of law or otherwise; provided, however, that in the case of The Related Companies, L.P., Transfers of up to twenty-five percent (25%) (individually or in the aggregate) of ownership interests in The Related Companies, L.P. prior to Conversion and of up to one hundred percent (100%) of such ownership interests in The Related Companies, L.P. thereafter are permitted. No sale, lease or other transfer shall relieve Borrower from primary liability for its obligations under the Borrower Loan Documents or the Funding Loan Documents, and Borrower shall deliver to Bank all documents reasonably required by Governmental Lender to evidence its continuing liability. No consent by Bank in connection with any Transfer shall constitute (x) a consent by Governmental Lender under the Tax-Exempt Regulatory Agreement to any sale, assignment, encumbrance, transfer or other disposition of all or any part of the Property, or any direct or indirect interest therein, or (y) a waiver by Governmental Lender of any term or condition of the Tax-Exempt Regulatory Agreement. Notwithstanding the foregoing, (a) Tax Credit Investor may transfer its limited partnership interests in Borrower to any limited partnership or limited liability company in which Tax Credit Investor, or an affiliate thereof is the general partner or managing member; provided that following such transfer, Tax Credit Investor shall remain jointly and severally liable for all contributions to be made by Tax Credit Investor under the Partnership Agreement, (b) the transfer of limited partnership interests or non-

managing membership interest in Tax Credit Investor shall not constitute a “transfer” hereunder, (c) subject to Bank’s consent, which shall not be unreasonably withheld, Tax Credit Investor may remove and replace the General Partner in accordance with the Partnership Agreement following a default by the General Partner thereunder, (d) subject to Banks consent, which shall not be unreasonably withheld, Borrower’s administrative general partner may remove and replace the managing General Partner in accordance with the Partnership Agreement following a default by the managing General Partner thereunder, (e) each General Partner may pledge its general partnership interest in the Borrower to the Tax Credit Investor, provided that such pledge shall be subject and subordinate to such General Partner’s pledge to Bank pursuant to the Assignment of Partnership Interest (GP), and (f) Tax Credit Investor may pledge its limited partnership interest in the Borrower to the Borrower as security for the Tax Credit Investor’s obligations to make the capital contributions required pursuant to the Partnership Agreement. Borrower acknowledges that any transfer permitted by this Section must also comply with the terms and conditions of the City Loan Documents, the Seller Loan Documents, the HCD Loan Documents and Regulatory Agreements.

7.30.5 Amend or modify in any material respect any organizational documents pertaining to Borrower or any Loan Party other than amendments to the Partnership Agreement solely with respect to transfers of partnership interests permitted by Section 7.30.4 above and no other amendments to the organizational documents.

7.30.6 Cause or otherwise consent to the formation of any community facilities district that includes the Property or any part of the Property pursuant to the Mello-Roos Community Facilities Act of 1982, any assessment district that includes the Property or any part of the Property pursuant to the Municipal Improvement Act of 1913, or any other comparable or similar district, area or territory that includes the Property or any part of the Property pursuant to any Law, or cause or otherwise consent to the levying of special taxes by any community facilities district against the Property or any part thereof, the levying of assessments by any such assessment district against the Property or any part thereof, or the levying of assessments, taxes and/or other impositions by any such district, area or territory.

7.30.7 Enter into any new Funding Loan Documents, Seller Loan Documents, City Loan Documents or HCD Loan Documents, or amend, modify, supplement, cancel or terminate any Funding Loan Documents, Seller Loan Documents, City Loan Documents or HCD Loan Documents.

7.30.8 Take, or omit to take, any action that, if taken or omitted, would jeopardize or adversely affect the tax-exempt status of the interest payable on the Funding Loan Notes.

7.30.9 Except for the Regulatory Agreements, accept any deed or other restriction or enter into any regulatory or other similar agreement regulating or restricting the use or operation of the Property or restricting the tenant income and/or rent levels for the Property in connection with the allocation to the Property of federal low-income housing tax credits or otherwise.

7.31 Set Aside Letters. In the event Bank issues, at Borrower’s request, any Set Aside Letter, Borrower represents, warrants and agrees as follows:

7.31.1 The sum that Borrower requests Bank to allocate for Bonded Work shall be sufficient to pay for the costs of construction and completion of the Bonded Work in accordance with any agreement between Borrower and the Governmental Authority and a copy of such agreement shall be furnished to Bank by Borrower as a condition precedent to the issuance by Bank of any Set Aside Letter;

7.31.2 Bank is irrevocably and unconditionally authorized to disburse to the Governmental Authority or Surety all or any portion of proceeds of the Borrower Loan upon a demand of the Governmental Authority or Surety made in accordance with the terms and conditions of the Set Aside Letter;

7.31.3 Any disbursement or payments that Bank makes or may be obligated to make under any Set Aside Letter, whether made directly to the Governmental Authority, Surety, or to others for completion of all or part of the Bonded Work, shall be deemed an Advance to or for the benefit of Borrower;

7.31.4 Bank shall have no obligation to release any security under the Borrower Loan Documents unless and until Bank has received a full and final written release of its obligations under each Set Aside Letter; and

7.31.5 The fee for issuing each Set Aside Letter hereunder shall be determined when each Set Aside Letter is issued by Bank.

7.32 Management of Property. Borrower shall not enter into any agreement providing for the management or operation of the Real Property or the Improvements without the prior written consent of Bank. Bank acknowledges that it has consented to Related Management Company, L.P., as the initial manager of the Real Property and to the management agreement entered into between Related Management Company, L.P. and Borrower dated as of [_____] **[CHECK]**, as amended.

7.33 Leases.

7.33.1 Negative Covenants. In addition to the provisions of the Deed of Trust, and regardless of whether or not Bank's prior written approval is required, Borrower shall not, without Bank's prior written consent: (a) grant to any tenant any right or option to purchase the Property or any portion thereof, or any other present or future interest in any portion of the Property other than the right to use and occupy the leased premises, (b) grant to any tenant the right to terminate its lease if the lease of one or more other tenant is terminated, or (c) accept payment of rent from any tenant in any form other than cash or cash equivalent.

7.33.2 Affirmative Covenants. In addition to the provisions of the Deed of Trust, Borrower shall (a) document all Leases covering any portion of the Property or the Improvements on a standard lease form approved by Bank (with no material change), (b) not enter into any lease for any Unit with a potential tenant unless such lease is an Acceptable Unit Lease and the rent charged thereunder complies with the City Loan Documents, the HCD Loan Documents, the Seller Loan Documents and all Regulatory Agreements and is consistent with the rent proforma submitted by Borrower and approved by Bank (c) enter into Leases only with bona fide third party tenants in an arm's length transaction, (d) whether or not Bank's prior written approval is required, deliver to Bank, within ten days of Bank's request, all new Leases (together with all financial information obtained by Borrower regarding the tenant) and all modifications, amendments and consents to assignment or subletting of existing Leases, and (e) promptly notify Bank in writing of material claims of any breach, if any, of any of Borrower's obligations as landlord under any Lease.

7.34 Compliance. Upon the request of Bank from time to time and at any time certification of the matters set forth below is provided to Governmental Lender or any Governmental Authority, Borrower shall promptly provide to Bank the following:

7.34.1 Borrower's certification of the Property's compliance with the rules qualifying the interest payable on the Funding Loan Notes for federal tax exemption pursuant to Section 142(d) of the Code and the regulations issued under Section 142(d) and the requirements of the Regulatory Agreements;

7.34.2 Property has received or receives a tax credit allocation, Borrower's certification of the Property's compliance with the requirements of Section 42 of the Code and the regulations issued under Section 42; and

7.34.3 Such other documents, certificates and other information as may be deemed necessary or appropriate to enable Bank to perform the functions under this Agreement or the Funding Loan Agreement.

7.35 Property Reserves. Borrower shall establish and maintain such operating, replacement and/or tenant improvement reserves for the Property as required by Bank pursuant to the terms of the Borrower Loan Documents, and Borrower hereby grants to Bank a security interest in all such reserves. Borrower agrees to execute such supplemental security documentation as Bank may request confirming such security interest.

7.36 Establishment of Capital Improvement Reserve Account.

7.36.1 Concurrently with the Closing Date and as a condition precedent thereto, Borrower shall: (i) establish with Bank the Capital Improvement Reserve Account and Borrower shall execute such documents as are necessary to evidence same and to create and perfect in favor of Bank a security interest therein for the purpose of paying for any capital improvements which are necessary for the continued operation of the Property and which capital improvements are approved by Bank, which approval will not be unreasonably withheld ("Capital Improvements"); and (ii) commencing after the Conversion Date, on the first day of the month in which Borrower is required to make its first principal and interest payment under the Borrower Notes, and continuing on the first day of every month thereafter, deposit or cause to be deposited into the Capital Improvement Reserve Account an amount equal to no less than \$3,000 each month.

7.36.2 Borrower shall be entitled to withdraw funds from the Capital Improvement Reserve Account from time to time (but no more often than once every thirty (30) days and in an amount of no less than \$1,000 for each such withdrawal) to cover Capital Improvements, but only upon ten (10) days prior written notice from Borrower to Bank requesting to withdraw such funds and only so long as no Event of Default exists and no event has occurred that, with the giving of notice or the passage of time, or both, would constitute an Event of Default. Said written request shall set forth the amount of funds Borrower wishes to withdraw from the Capital Improvement Reserve Account, shall set forth with specificity those Capital Improvements for which the funds are to be used and shall be accompanied by copies of invoices or other evidence satisfactory to Bank confirming the cost of such Capital Improvements. Bank may also condition the withdrawal of funds from the Capital Improvement Reserve Account upon delivery by Borrower of such contractor's affidavits, owner's sworn statements, partial and final waivers of lien and other additional documentation Bank may require to ensure that the Capital Improvements have been completed free and clear of any claims of lien, and in a good and workmanlike manner and otherwise in accordance with all applicable legal requirements. The disbursement of funds withdrawn from the Capital Improvements Reserve Account may be made, in Bank's discretion, either directly to the parties entitled thereto or to Borrower to pay the same. If such funds are disbursed directly to Borrower, Borrower shall provide Bank with evidence of the payment of the cost of the Capital Improvements within thirty (30) days after Bank's written request therefor following the date such funds are withdrawn from the Capital Improvement Reserve Account.

7.36.3 Borrower shall diligently pursue completion of all Capital Improvements upon the commencement of the same. All Capital Improvements shall be made in a good and workmanlike manner and shall be completed free and clear of any mechanic's or materialman's liens and encumbrances. Borrower shall pay all costs necessary for completion of all Capital Improvements without regard to the sufficiency of the funds in the Capital Improvement Reserve Account. Borrower shall not commence construction of any Capital Improvement or other work prior to obtaining a building permit, if a building permit is required to perform the work, and all other governmental authorizations required with respect thereto, which Borrower shall provide to Bank upon request. Once any construction work has commenced, Borrower shall cause same to be completed substantially in accordance with the plans and specifications therefor and in compliance with all restrictive covenants applicable thereto, free and clear of liens or claims for liens, and shall correct all material defects therein. No disbursement of funds from the Capital Improvement Reserve Account shall constitute a waiver of Bank's right to require compliance with the foregoing covenants.

7.37 Rent Restrictions. Borrower shall comply, and cause the tenants occupying the Units to comply, with the Rent Restrictions, including, without limitation, maintaining all appropriate records.

7.38 Preservation of Tax Credits. Borrower shall observe and perform all obligations imposed on Borrower for the purpose of obtaining, maintaining and utilizing the maximum amount of Tax Credits allocated pursuant to the Tax Credit Allocation Documents and to operate the Project, or to cause the appropriate parties to operate the Project, in accordance with all applicable provisions of the Code and the R&T Code, if applicable, and all other statutes and regulations governing the Tax Credits including, without limitation, the monitoring and reporting requirements set forth in the Qualified Allocation Plan.

7.39 Compliance with City Loan Documents, Seller Loan Documents, HCD Loan Documents and Regulatory Agreements. Borrower shall observe and comply with all of the terms and conditions set forth in the City Loan Documents, the Seller Loan Documents, the HCD Loan Documents and all Regulatory Agreements.

7.40 Payment of Development Fee. Borrower shall not pay [_____] **[CHECK]**, more than (i) [\$770,000] **[CHECK]** of their combined development fee in the aggregate on or prior to the Closing Date, (ii) [\$1,250,000] **[CHECK]** of their combined development fee in the aggregate on or prior to the Completion Date, (iii) [\$1,900,000] **[CHECK]** of their combined development fee in the aggregate prior to Conversion, (iv) [\$2,270,000] **[CHECK]** of their combined development fee in the aggregate prior to the submission of the placed in service application and cost certification to the Allocation Committee for approval, and (v) [\$2,400,000] **[CHECK]** of their combined development fee in the aggregate prior to receipt of IRS Form 8609 from the Allocation Committee.

7.41 IRS Form 8609. Borrower shall deliver to Bank the IRS Form 8609 within five (5) business days following Borrower's receipt of the same from the Allocation Committee.

7.42 Obtaining and Maintaining Real Property Tax Exemption. Borrower shall cause the [Managing General Partner to maintain its status as an "eligible limited liability company"] **[CHECK]** (as such term is used in Section 214(g) of the R&T Code) or, if the Managing General Partner no longer maintains its status as an "eligible limited liability company," to promptly replace such entity with an "eligible limited liability company" or "eligible non-profit corporation" as managing general partner of Borrower approved in writing by Bank, and take all actions and provide such certifications as may be necessary from time to time so that the Project shall be exempt from the payment of ad valorem real property taxes in accordance with the provisions of Section 214(g) of the R&T Code.

7.43 Intentionally Omitted.

7.44 Progress Reports and Annual Project Status Reports; Allocation Committee Notices. Borrower shall promptly deliver to Bank copies of all "Progress Reports" all "Annual Project Status Reports" and all other reports delivered by Borrower to the Allocation Committee or Subordinate Lender from time to time including, without limitation, those reports required by the terms and conditions of the Qualified Allocation Plan or as otherwise required under the terms of the Tax Credit Allocation Documents; such reports shall be delivered to Bank concurrently with the delivery of the same to the Allocation Committee. Borrower shall promptly deliver to Bank copies of all material notices and/or correspondence it receives from time to time from the Allocation Committee to the extent the same relate to the allocation of Tax Credits.

7.45 Hedge.

7.45.1 As a condition precedent to making the Borrower Loan, the Borrower shall enter into one or more interest rate swap, forward swap or swaption or interest rate cap or collar transaction or similar transactions designed to protect against fluctuations in the interest rate with respect to Borrower Note A-2 commencing no later than the Initial Outside Conversion Date and expiring no earlier than the Maturity Date for Borrower Note A-2 with a counterparty acceptable to Bank (which counterparty may, but is not required to be, Bank) (together, as modified from time to time, the "Hedge"). The notional amount of the Hedge must be the outstanding principal amount of Borrower Note A-2 as of the Outside Conversion Date or, if later, the effective date of the Hedge. The Hedge shall provide for a fixed rate of interest not to

exceed (or otherwise protect against the interest rate on Borrower Note A-2 exceeding) [____%] **[CHECK]** (inclusive of the Margin applicable to Borrower Note A-2 during the Permanent Phase). The cost of the Hedge must be paid in full on its effective date. The identity of the counterparty and the form and substance of the documents and agreements evidencing, securing, guarantying or otherwise governing the Hedge, including, without limitation, any ISDA Master Agreement and Schedule thereto, and any confirmations evidencing the Hedge (together, the "Hedge Documents"), shall be acceptable to Bank in the Bank's sole discretion. In no event shall the counterparty have a rating by a national rating agency which is less than the rating assigned by such rating agency to Bank. No Hedge Document shall be secured by the Project unless expressly consented to in writing by Bank, which consent may be withheld in Bank's sole discretion.

7.45.2 On the Closing Date, the Borrower shall acquire a Hedge complying with the requirements of this Section 7.45 and Section 4.1.13. As a condition to the Conversion, the Hedge shall comply with the requirements of this Section 7.45 and subsection (t) of Exhibit D (Conditions to Conversion).

7.45.3 The Borrower shall timely perform all of its obligations under the Hedge Document in accordance with its terms, including payment of all breakage and termination fees due under the applicable Hedge Documents. Unless Bank is the counterparty, the Borrower may not exercise any right or remedy under any Hedge Document without the Bank's prior written consent and shall exercise its rights and remedies under the Hedge Documents as directed by the Bank in writing.

7.45.4 So long as the Borrower is required to maintain a Hedge, the Borrower shall not terminate, transfer or consent to any termination or transfer of the Hedge without the Bank's prior written consent, which consent may be withheld in Bank's sole discretion. No Hedge shall be terminated for any reason unless Borrower enters into a new Hedge complying with the requirements of this Section 7.45; provided, that no Hedge undertaken with Bank may be terminated, terminated and replaced or transferred by the Borrower without the consent of Bank, which consent may be withheld by Bank in its sole discretion. Each replacement Hedge must have a term which commences no later than the later of the Outside Conversion Date or the termination date of the preceding Hedge. If Borrower desires to transfer or terminate a Hedge, Borrower shall provide Bank for Bank's approval written notice thereof at least sixty (60) days prior to termination of the existing Hedge, together with a description of the terms proposed for the replacement Hedge and the identity of the financial institutions who will bid to be the counterparty on the replacement Hedge. In addition, the Borrower shall provide the Bank for Bank's approval the identity of the counterparty and copies of the proposed replacement Hedge Documents at least fourteen (14) business days prior to the termination of the existing Hedge; provided, however, that if a Hedge unexpectedly and unavoidably terminates on a date other than its scheduled expiration date, the Borrower shall, within fourteen (14) business days of such termination, obtain a new Hedge satisfying the requirements of this Section 7.45; provided that if such terminated Hedge is one provided by Bank, Bank shall be under no obligation to permit such replacement Hedge to be entered into or to forbear from exercising its creditor remedies during such time.

7.45.5 If Bank is not (or is no longer) the counterparty to the Hedge, the Borrower shall assign each Hedge in effect from time to time to Governmental Lender and Bank pursuant to an assignment of hedge ("Assignment of Hedge") in a form and content acceptable to Bank in its sole discretion. The Assignment of Hedge must be entered into on or before the effective date of the Hedge. The Hedge Documents and the Assignment of Hedge shall direct the counterparty to make any payments on the Hedge directly to Bank to be applied by Bank to payments due under the Borrower Loan, provided that after the occurrence of an Event of Default, Bank may apply such payments as may determine in its discretion.

7.46 Intentionally Omitted.

7.47 Tax Covenants of the Borrower. The Borrower covenants and agrees that:

(a) It will at all times comply with the terms of the Tax Certificate and the Tax Exempt Regulatory Agreement;

(b) It will not take, or permit to be taken on its behalf, any action which would cause the interest payable on the Funding Lender Note to be included in gross income, for federal income tax purposes, and will take such action as may be necessary in the opinion of Tax 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 Tax-Exempt Regulatory Agreement);

(c) 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 Funding Lender Note;

(d) It will comply with the requirements of Section 148 of the Code and the Regulations issued thereunder throughout the term of the Funding Lender Note and will not make any use of the proceeds of the Funding Lender Note, or of any other funds which may be deemed to be proceeds of the Funding Lender Note under the Code and the related regulations of the United States Treasury, which would cause the Funding Lender Note to be "arbitrage bonds" within the meaning of Section 148 of the Code;

(e) 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 Funding Lender Note becoming includable in gross income for purposes of federal income tax purposes, it will promptly give written notice of such circumstance, event or condition to the Governmental Lender and the Funding Lender;

(f) Pursuant to the requirements of Treasury Regulation Section 1.148-1(b), Borrower (or any related person contemplated by such regulations) will not purchase the Funding Loan Note in an amount related to the amount of the Borrower Loan; and

(g) In the event of a conflict between the terms of this Section 7.47 and the Tax Certificate, the terms of the Tax Certificate shall control.

8. EVENTS OF DEFAULT. The occurrence of any one or more of the following events shall constitute an "Event of Default" hereunder and at Bank's option, exercisable in its sole discretion, shall terminate any obligation of Bank to make any Advance or disbursement of Borrower's Funds. Upon the occurrence of an Event of Default, Bank shall also have the option, exercisable in its sole discretion, to declare the Borrower Loan immediately due and payable, without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demand of any kind or character; provided, however, upon the occurrence of any Event of Default that, under the terms of any Borrower Loan Document or Funding Loan Document results in the Borrower Loan becoming automatically due and payable, such occurrence shall result in automatic acceleration of payments of all principal and interest due under the Borrower Loan:

8.1 Borrower fails to (a) pay when due any sums payable under any Borrower Loan Document or Funding Loan Document after giving effect to any express curative provisions (if any) provided herein or therein and, in the case of payments other than principal or interest, in the event that there is no curative provision, within ten (10) days after the date when due, or (b) deposit with Bank any of Borrower's Funds as and when required under this Agreement.

8.2 Borrower has breached, or defaulted under, any term, condition or provision contained in (a) any Borrower Loan Document or Funding Loan Document that is not specifically referred to in this Section 8 and such breach or default continues uncured after any applicable notice and cure periods (or, if no notice or cure period is stated, continues uncured for more than thirty (30) days after notice), provided, however, that if such breach cannot reasonably be cured within the applicable cure period, no Event of Default shall be deemed to have been committed hereunder if Borrower commences to cure such breach within the applicable cure period and thereafter diligently prosecutes such cure to completion, provided that, in all events, the cure of such default shall be completed to the satisfaction of Bank not later than sixty (60) days in the aggregate from the date of such default, or (b) the Tax-Exempt Regulatory Agreement or

other Funding Loan Document after delivery of any required notice of default and subject to any applicable notice and cure periods provided therein.

8.3 Borrower or Contractor does not (a) commence rehabilitation of the Improvements within the time period required in this Agreement, (b) proceed diligently and continuously with the rehabilitation of the Improvements, or the rehabilitation of the Improvements is otherwise discontinued for a period of five (5) days or more, for any reason other than events of Force Majeure, or (c) achieve Project Completion on or before the Completion Date.

8.4 Any representation or warranty by Borrower or any Loan Party made hereunder or under any other Borrower Loan Document proves to be materially false or misleading in any material respect when made.

8.5 Any person obtains an order or decree in any court of competent jurisdiction prohibiting the rehabilitation of the Improvements or Borrower or Governmental Lender and Bank from performing this Agreement, and such order or decree is not vacated within thirty (30) days after the granting thereof.

8.6 Borrower neglects, fails or refuses to keep in full force and effect any permit or approval with respect to the rehabilitation of the Improvements or the use and occupancy thereof, and such failure continues for thirty (30) days after Borrower obtains actual knowledge thereof.

8.7 Any bonded notice to withhold in connection with the Borrower Loan is validly served on Governmental Lender or Bank and within ten (10) days of the receipt of such service (a) is not discharged, or (b) if the amount claimed is disputed in good faith by Borrower or Contractor, an appropriate counter bond or equivalent acceptable to Bank is not provided to Bank.

8.8 The imposition, voluntary or involuntary, of any lien or encumbrance upon the Property without Bank's written consent, unless an adequate counter bond is provided and such lien is accordingly released within ten (10) days after the Borrower obtains actual knowledge of the imposition of such lien.

8.9 Bank fails to have an enforceable first lien on or security interest in any property given as security for the Borrower Loan, except for Permitted Liens and as permitted by Bank in writing.

8.10 An event or condition occurs or arises that materially impairs Borrower's intended use of the Property and such event or condition is not remedied within thirty (30) days.

8.11 Borrower neglects, fails or refuses to keep in force and effect any insurance coverage required by Bank.

8.12 Any Funding Loan Document to which Borrower is a party is amended, modified or terminated without Bank's prior written consent.

8.13 Interest on the Funding Loan Notes is no longer excludable from the gross income of the holder thereof for federal income tax purposes for any reason other than the owner of the Funding Loan Notes being deemed to be a "substantial user" (within the meaning of Section 147(a) of the Code) of the Project or a "related person" (as defined in Section 147(a) of the Code) solely due to the fact that Bank has a direct or indirect ownership interest in Borrower.

8.14 The occurrence of an event of default by Borrower under the City Loan Documents, the Seller Loan Documents, the HCD Loan Documents or Regulatory Agreement(s) (following the expiration of any curative periods set forth therein).

8.15 The failure of Borrower to comply with any of the terms and conditions of the Tax Credit Allocation Documents, the failure of Borrower to cause Project Completion to occur on or before the Completion Date unless a later date for "placement in service" is permitted by the Allocation Committee

and Section 42 of the Code, then on or before such later date, or the failure of Borrower to comply with any of the monitoring or reporting requirements set forth in the Qualified Allocation Plan and the failure of Borrower to cure such failure on or before the first to occur of the date within which cure is permitted under the applicable document or thirty (30) days after Borrower obtains actual knowledge of such failure.

8.16 The determination by Bank (in Bank's reasonable opinion) at any time that (i) paragraph (1) of Section 42(h) of the Code will apply to the allocation of the Tax Credits or (ii) Project Completion will not occur on or before the Completion Date.

8.17 The maximum amount of Tax Credits reserved by the Allocation Committee under the Preliminary Reservation is reduced by the Allocation Committee which results in a reduction of the Tax Credit Investor's capital contributions to Borrower which, together with other financing or equity investment permitted under the Borrower Loan Documents, would prevent Borrower from making the full Paydown Amount on or before the Outside Conversion Date, as determined by Bank in its sole discretion.

8.18 Borrower shall fail to obtain the Hedge in accordance with the terms and provisions of Section 7.45. Borrower shall fail to perform any of its obligations under any agreement relating to any Hedge or Hedge Documents following the expiration of any applicable curative provision.

8.19 Borrower modifies, amends or terminates the the City Loan Documents, the Seller Loan Documents, the HCD Loan Documents or the Regulatory Agreement(s).

8.20 Borrower fails to satisfy the conditions to Conversion in accordance with Section 3.2 above on or before the Outside Conversion Date.

The Tax Credit Investor shall have the right to cure any default by Borrower hereunder within the time periods (if any) set forth herein for such cure and Bank agrees to accept such cure as if cured by Borrower.

9. REMEDIES. If an Event of Default occurs under this Agreement:

9.1 Governmental Lender and Bank may exercise any right or remedy that it has under any of the Borrower Loan Documents, or that is otherwise available at law or in equity or by statute (which may be exercised directly or by directing the actions of the Fiscal Agent), and all of Governmental Lender's and Bank's rights and remedies shall be cumulative.

9.2 Bank shall have the right, in its sole discretion, to enter the Property and take possession of it, whether in person, by agent or by court-appointed receiver, to perform any and all work and labor necessary to complete the Improvements substantially in accordance with the Plans, and to collect rents and otherwise protect its collateral and exercise its rights and remedies under the Borrower Loan Documents. If Bank exercises any of the rights or remedies provided in this Section, that exercise shall not make Bank a partner or joint venturer of Borrower. All sums that are expended by Bank in completing the Improvements or in preserving Bank's collateral for the Borrower Loan shall be considered an additional loan to Borrower secured by the Deed of Trust and Security Documents and shall bear interest at the Default Rate.

9.3 Notwithstanding the exercise of any remedy described above or the existence of any Event of Default, Bank, at its option, may make any Advance or disburse any or all of Borrower's Funds without (a) waiving Bank's right to demand payment of the Borrower Loan, (b) incurring liability to make any other or further Advances, and (c) waiving Bank's right to require compliance with Borrower's covenant to correct any defect in the Improvements or departure from the Plans not approved by Bank.

10. POWER OF ATTORNEY. Borrower hereby constitutes and appoints Bank as Borrower's true and lawful attorney in fact with the power and authority, including full power of substitution upon the occurrence and during the continuance of an Event of Default, as follows:

10.1 To take possession of the Property and complete the Improvements or any Capital Improvements.

10.2 To use any of Borrower's Funds and any undisbursed proceeds of the Borrower Loan for the purpose of completing the Improvements and for other costs related thereto and/or to use any of the funds in the Capital Improvement Reserve Account for the purpose of completing any Capital Improvements and for other costs related thereto.

10.3 To make such additions and changes and corrections in the Plans as may be necessary or desirable, as Bank, in Bank's sole discretion, deems proper to complete the Improvements.

10.4 To employ such contractors, subcontractors, agents, architects, engineers and inspectors as are required to complete the Improvements or any Capital Improvements.

10.5 To employ security personnel to protect the Property from damage.

10.6 To pay, settle or compromise all existing bills and claims against Borrower's Funds, the Capital Improvement Reserve Account or any undisbursed proceeds of the Borrower Loan as may be necessary or desirable or as Bank deems proper, in Bank's sole discretion, for the completion of the Improvements or the completion of any Capital Improvements, or for the protection or clearance of title to the Property, or for the protection of Bank's interest with respect thereto.

10.7 To prosecute and defend all actions and proceedings in connection with the rehabilitation of the Improvements and/or the completion of any Capital Improvements.

10.8 To record any notices of completion, cessation of labor and other notices that Bank deems necessary to protect any interest of Bank under the provisions of this Agreement, the Deed of Trust, any of the Security Documents, or any other Borrower Loan Document.

10.9 To execute, acknowledge, and deliver all instruments and documents in the name of Borrower that may be necessary or desirable or as Bank deems proper, in Bank's sole discretion, and to perform any and every act with respect to the rehabilitation of the Improvements and/or the completion of any Capital Improvements that Borrower might perform on Borrower's own behalf.

This Power of Attorney is a power coupled with an interest and cannot be revoked. Any costs or expenses incurred by Bank in connection with any acts performed by Bank under or pursuant to this Section shall be paid by Borrower. If such costs are not paid by Borrower upon demand of Bank, interest shall accrue thereon at the Default Rate. Any such advances made or costs or expenses incurred by Bank shall be secured by the Deed of Trust and Security Documents.

11. MISCELLANEOUS.

11.1 Disclaimer. WHETHER OR NOT GOVERNMENTAL LENDER OR BANK ELECT TO EMPLOY ANY OR ALL OF THE REMEDIES AVAILABLE TO GOVERNMENTAL LENDER OR BANK UPON THE OCCURRENCE OF AN EVENT OF DEFAULT, NEITHER GOVERNMENTAL LENDER NOR BANK SHALL BE LIABLE FOR THE CONSTRUCTION OF, OR FAILURE TO CONSTRUCT, COMPLETE OR PROTECT, THE IMPROVEMENTS.

11.2 Notices. All notices, demands, requests or other communications (including communications by facsimile transmission or e-mail) provided for or allowed hereunder shall be in writing and shall be effective only if the same is delivered by personal service, mailed (postage prepaid, return receipt requested), faxed, or e-mailed to the address given with the signatures at the end of this Agreement. Any such notice shall be deemed to have been received by the addressee, (a) if mailed, on the third day following the date of such mailing, or (b) if faxed or e-mailed, upon telephone or email confirmation of

receipt. Any party may at any time change its address for such notices by delivery or mailing the other parties to this Agreement a notice of such change.

11.3 Waivers. Any forbearance, failure or delay by Bank in exercising any right, power or remedy shall not be deemed a waiver thereof and any single or partial exercise of any power, right or remedy shall not preclude any further exercise thereof. No waiver of or consent to any breach of any of the covenants or conditions of this Agreement or any other Borrower Loan Document shall be construed to be a waiver of or a consent to any previous or subsequent breach of the same or any other condition or covenant. No waiver or consent shall be effective under any Borrower Loan Document unless it is in writing and signed by an officer of Bank.

11.4 Governmental Lender's and Bank's Expenses; Rights of Governmental Lender and Bank.

11.4.1 Borrower shall promptly pay to Governmental Lender and Bank, upon demand, with interest thereon from the date of demand at the Default Rate, all reasonable fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith and arising out of or in connection with the Borrower Loan Documents, including without limitation reasonable attorneys' fees (including the fees and costs of Governmental Lender's, Fiscal Agent's and Bank's in-house counsel and legal staff) and all costs and other expenses paid or incurred by Governmental Lender, Fiscal Agent and Bank in exercising its rights or remedies provided for in this Agreement or any other Borrower Loan Document. If at any time Borrower fails to perform any of its obligations hereunder, Bank shall have the right, but not the obligation, to perform such obligations at the expense of Borrower. The amount of any monies so expended or obligations so incurred by Governmental Lender, Fiscal Agent and Bank, together with interest thereon at the Default Rate, shall be repaid to Governmental Lender, Fiscal Agent and Bank promptly upon demand and payment thereof shall be secured by the Deed of Trust and Security Documents. The obligations of this Section 11.4.1 and those in Section 7.24 (Indemnification) shall remain valid and in effect notwithstanding repayment of the loan hereunder or the Funding Loan Note or termination of this Borrower Loan Agreement or the Funding Loan Agreement.

11.4.2 Without limiting the generality of the foregoing Section 11.4.1, the Borrower shall pay the Governmental Lender and the Bank all reasonable fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith and arising out of or in connection with the Borrower Loan Documents, the Funding Loan Notes or the Funding Loan Agreement. These obligations and those in Section 7.24 shall remain valid and in effect notwithstanding repayment of the Borrower Loan or termination of this Agreement or the Funding Loan Agreement.

11.4.3 Governmental Lender and Bank, and any of Governmental Lender's and Bank's representatives, shall have the right, at any time and from time to time, and without notice, to enter upon the Property, to inspect the Improvements and all materials to be used in the rehabilitation thereof and to examine the Plans and all detailed plans and shop drawings that are or may be kept at the construction site.

11.5 No Third Party. This Agreement is made for the sole benefit of Borrower, Governmental Lender, Bank and Governmental Lender's and Bank's successors and assigns, and no other Person shall have any rights or remedies under or by reason of this Agreement or any right to exercise any right or power of Governmental Lender and Bank hereunder or arising from any default by Borrower. Governmental Lender and Bank shall owe no duty whatsoever to any claimant for labor performed or material furnished in connection with the rehabilitation of the Improvements nor any duty whatsoever to apply any undisbursed proceeds of the Borrower Loan to the payment of any such claim or to exercise any right or power of Bank hereunder or arising from any default by Borrower.

11.6 Time of Essence. Time is of the essence of this Agreement and every part hereof.

11.7 Successors and Assigns. Neither this Agreement nor any right of Borrower to receive any sums, proceeds or disbursements hereunder, may be assigned, pledged, hypothecated, anticipated or otherwise encumbered by Borrower without the prior written consent of Bank. Subject to the foregoing restriction and the restrictions contained in the Deed of Trust, this Agreement shall inure to the benefit of Governmental Lender and Bank and Governmental Lender's and Bank's successors and assigns and shall bind Borrower and Borrower's successors and assigns.

11.8 Participation or Syndication. Bank shall have the right, in its sole discretion, to assign all or any part of Bank's rights in the Borrower Loan and under the Borrower Loan Documents or the Funding Loan Documents, either through direct assignment or through participating interests, subject to the provisions of Section 4.3 of the Funding Loan Agreement. Bank is hereby authorized to disclose to any prospective assignee or participant in the Borrower Loan any and all information regarding Borrower, any Loan Party, the Property or the Borrower Loan.

11.9 Governing Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the state in which the Property is located.

11.10 Entire Agreement. This Agreement and all other Borrower Loan Documents and the Funding Loan Documents constitute the entire understanding between the parties hereto with respect to the subject matter hereof, superseding all prior written or oral understandings. This Agreement and the other Borrower Loan Documents may be modified, amended or terminated only in writing signed by all parties hereto or thereto.

11.11 Joint and Several Liability. If Borrower consists of more than one Person, each shall be jointly and severally liable to Bank for the performance of this Agreement and the other Borrower Loan Documents.

11.12 Publicity, Signs. Borrower hereby agrees that Bank, at Bank's expense, may publicize the financing of the Property (including the name of Borrower) and, in connection therewith, may use the project name and address, and a description, photograph or other illustrative drawing of the Property. Borrower hereby grants Bank the right to erect or cause to be erected Bank's sign or signs in size and location desired by Bank on the Property so long as such sign or signs do not interfere with the rehabilitation of the Improvements. Borrower will exercise, and will cause Contractor and subcontractors to exercise, due care to protect said sign or signs from damage.

11.13 Credit Information and Reports. Borrower authorizes Bank to release information concerning Borrower's financial condition to suppliers, other creditors, credit bureaus and other credit reporters, and to obtain such information from any third party at any time.

11.14 Headings. The various headings of this Agreement are included for convenience only and shall not affect the meaning or interpretation of this Agreement or any provision hereof.

11.15 Severability. Should any one or more provisions of this Agreement be determined to be illegal or unenforceable, all other provisions nevertheless shall be effective.

11.16 Counterparts/Electronic Signatures. This Agreement and each other Borrower Loan Document may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document. Delivery of a signature page to, or an executed counterpart of, this document by facsimile, email transmission of a scanned image, or other electronic means, shall be effective as delivery of an originally executed counterpart. The words "execution," "signed," "signature," and words of like import in this document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity, or enforceability as a manually executed signature or the use of a paper-based record keeping system, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, Electronic Signatures in Global and National Commerce Act, any other similar state laws based

on the Uniform Electronic Transactions Act or the Uniform Commercial Code, and the parties hereto hereby waive any objection to the contrary.

11.17 USA Patriot Act. Bank is subject to federal laws to help the government fight money laundering and terrorist financing that require Bank to obtain, verify and record information that identifies Borrower and, when applicable, Borrower's Beneficial Owners. Beneficial Owners for these purposes means any individual holding 25% or more equity ownership of the Borrower, as well as one individual with significant responsibility to control, manage or direct the Borrower (e.g., CEO, CFO, COO, President or similar). This information includes the name, address, date of birth, and other information that will allow Bank to identify Borrower and its Beneficial Owners. By signing this document, Borrower agrees to provide and consents to Bank obtaining, if necessary, from third parties, any and all information reasonably necessary to identify Borrower and its Beneficial Owners.

11.18 Waiver of Jury Trial. To the extent permitted by law, in connection with any action or proceeding, whether brought in state or federal court, under this Agreement or any of the Borrower Loan Documents, the Borrower, Governmental Lender and Bank hereby expressly, intentionally and deliberately waive any right they may otherwise have to trial by jury of any Claim (as defined below).

11.19 Judicial Reference. If the waiver of jury trial set forth hereinabove is not enforceable under the laws of the state in which the Property is located, then the parties hereby agree that all Claims, including any and all questions of law or fact relating thereto, shall, at the written request of any party, be determined by Reference (as hereinafter defined) as set forth hereinbelow:

11.19.1 Selection Or Appointment Of Referee. The Bank and Borrower shall select a single neutral referee, who shall be a retired state or federal judge. In the event that the Bank and Borrower cannot agree upon a referee, the referee shall be appointed by the court.

11.19.2 Conduct Of Reference. Except as otherwise provided in this Agreement, the Reference shall be conducted pursuant to the laws of the state in which the Property is located. The referee shall determine all issues relating to the applicability, interpretation, legality and enforceability of the Borrower Loan Documents or Funding Loan Documents. The referee shall report a statement of decision to the court. The Bank and Borrower shall equally bear the fees and expenses of the referee, unless the referee otherwise provides in the statement of decision.

11.19.3 Provisional Remedies, Self-Help And Foreclosure. No provision of this Agreement shall limit the right of any party to (i) exercise self-help remedies including, without limitation, set-off, (ii) foreclose against or sell any collateral, by power of sale or otherwise or (iii) obtain or oppose provisional or ancillary remedies from a court of competent jurisdiction before, after or during the pendency of the Reference. The exercise of, or opposition to, any such remedy does not waive the right of any party to a Reference pursuant to this Agreement.

11.19.4 No Decision By Jury. The parties hereby acknowledge that if a referee is selected or appointed to determine the Claims, then the Claims will not be decided by a jury.

11.19.5 Miscellaneous. In the event that multiple Claims are asserted, some of which are not subject to this Section, the parties agree to stay the proceedings of the Claims not subject to this Section until all other Claims are resolved in accordance with this Section. In the event that Claims are asserted against multiple parties, some of whom are not subject to this Section, the parties agree to sever the Claims subject to this Section and resolve them in accordance with this Section.

11.19.6 Claim. "Claim" shall mean any claim, cause of action, action, dispute or controversy between or among the parties, whether sounding in contract, tort or otherwise, which arises out of or relates to: (i) any of the Borrower Loan Documents or the Funding Loan Documents; (ii) and negotiations or communications relating to any of the Borrower Loan Documents or the Funding Loan Documents, whether or not incorporated into the Borrower Loan Documents or the Funding Loan

Documents or any indebtedness evidenced thereby; or (iii) any alleged agreements, promises, representations or transactions in connection therewith.

11.19.7 Reference. "Reference" shall mean a judicial reference conducted pursuant to this Agreement and in accordance with the laws of the state in which the Property is located, as in effect at the time the referee is selected or appointed.

11.20 Limitation on Damages. In the event that punitive damages are permitted under the laws of the state in which the Property is located, the amount thereof shall not exceed a sum equal to three times the amount of actual damages.

11.21 Exhibits. All exhibits attached hereto are incorporated herein as if fully set forth within this Agreement.

12. LIMITATIONS ON LIABILITY. [CHECK: SUBJECT TO REVIEW/APPROVAL BY GOVERNMENTAL LENDER]

12.1 Limitation on Liability of Governmental Lender. Notwithstanding anything herein or in any other instrument to the contrary, the Governmental Lender shall not be obligated to pay the principal or prepayment price of or interest on the Funding Loan, except from moneys and assets received by the Fiscal Agent or the Funding Lender on behalf of the Governmental Lender pursuant to this Borrower Loan Agreement. Neither the faith and credit nor the taxing power of the State, nor any public agency or political subdivision of the State, is pledged to the payment of the principal or prepayment price of or interest on the Funding Loan. The Governmental Lender 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 Borrower Loan Agreement or the Funding Loan Agreement, except only to the extent amounts are received for the payment thereof from the Borrower under this Borrower Loan Agreement.

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

12.2 Waiver of Personal Liability. No member, officer, agent or employee of the Governmental Lender or any commissioner, officer, agent or employee of the Governmental Lender shall be individually or personally liable for the payment of any principal or prepayment price of or interest on the Funding Loan or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Borrower Loan Agreement; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Borrower Loan Agreement.

12.3 Limitation on Liability of Funding Lender's Officers, Employees, Etc. Borrower assumes all risks of the acts or omissions of the Governmental Lender and the Funding Lender, provided, however, this assumption is not intended to, and shall not, preclude Borrower from pursuing such rights and remedies as it may have against the Governmental Lender and the Funding Lender at law or under any other agreement. None of Governmental Lender, the Fiscal Agent and the Funding Lender, nor any of its commissioners, officers, directors, employees or agents shall be liable or responsible for (i) any acts or omissions of the Governmental Lender and the Funding Lender; or (ii) the validity, sufficiency or

genuineness of any documents, or endorsements, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged. In furtherance and not in limitation of the foregoing, the Governmental Lender and the Funding Lender may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, unless acceptance in light of such notice or information constitutes willful misconduct on the part of the Governmental Lender, or gross negligence or willful misconduct on the part of the Funding Lender.

None of the Governmental Lender, the Fiscal Agent, the Funding Lender, the other Beneficiary Parties or any of their respective officers, directors, employees or agents shall be liable to any contractor, subcontractor, supplier, laborer, architect, engineer or any other party for services performed or materials supplied in connection with the Project. The Governmental Lender and the Funding Lender shall not be liable for any debts or claims accruing in favor of any such parties against the Borrower or others or against the Project or the Mortgaged Property. The Borrower is not and shall not be an agent of the Governmental Lender and the Funding Lender for any purpose. The Governmental Lender and the Funding Lender are not joint venture partners with the Borrower or with each other in any manner whatsoever. Prior to default by the Borrower under this Borrower Loan Agreement and the exercise of remedies granted herein, the Governmental Lender and the Funding Lender shall not be deemed to be in privity of contract with any contractor or provider of services to the Project, nor shall any payment of funds directly to a contractor, subcontractor or provider of services be deemed to create any third party beneficiary status or recognition of same by the Governmental Lender and the Funding Lender. Approvals granted by the Governmental Lender and the Funding Lender for any matters covered under this Borrower Loan Agreement shall be narrowly construed to cover only the parties and facts identified in any written approval or, if not in writing, such approvals shall be solely for the benefit of the Borrower.

Any obligation or liability whatsoever of the Governmental Lender and the Funding Lender that may arise at any time under this Borrower Loan Agreement or any other Borrower Loan Document shall be satisfied, if at all, out of the Funding Lender's assets only. No such obligation or liability shall be personally binding upon, nor shall resort for the enforcement thereof be had to, the Project or any of the Governmental Lender's or the Funding Lender's shareholders (if any), directors, officers, employees or agents, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise.

12.4 City Contracting Provisions. The Borrower and the Funding Lender each covenant and agree to comply with the provisions set forth in Exhibit E to this Borrower Loan Agreement, which is incorporated in and made a part of this Borrower Loan Agreement by this reference.

[Signatures on following page]

IN WITNESS WHEREOF, the parties have executed this Construction and Permanent Loan Agreement as of the date and year first above written.

BORROWER:

FILLMORE MARKETPLACE HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Fillmore Marketplace Development Co., LLC,
a California limited liability company,
its administrative general partner

By: _____
Frank Cardone, President

By: _____,
a California limited liability company,
its managing general partner

By: _____,
a California nonprofit public benefit corporation,
its manager

By: _____

Addresses for Notice to Borrower:

Fillmore Marketplace Housing Partners, L.P.
c/o Related/Fillmore Marketplace Development Co., LLC
Attn: Mr. Frank Cardone
18201 Von Karman Avenue, Suite 900
Irvine, California 92612
Phone No. (949) 660-7272
Fax No.(949) 660-7273
E-mail address: fcardone@related.com

With a copy to:

With a copy to:

With a copy to:

With a copy to:

Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, 64th Floor
Los Angeles, CA 90071
Attn: Lance Bocarsly
Phone No. (213) 239-8088
Fax No. (213) 239-0410

BANK:

MUFG UNION BANK, N.A.

By: _____

Name: Joshua Evju

Title: Director

Addresses for Notice to Bank:

MUFG Union Bank, N.A.
Attn: Manager
Commercial Real Estate Loan Administration
145 South State College Blvd., Suite 600
Brea, CA 92821
Fax No. (949) 752-8361

With a copy to

MUFG Union Bank, N.A.
Attn: Joshua Evju
200 Pringle Avenue, Suite 355
Walnut Creek, CA 94596
Fax No. (925) 947-2455
Phone No. (925) 947-2491
E-mail address: joshua.evju@unionbank.com

GOVERNMENTAL LENDER:

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Authorized Signatory

Address for Notice to Governmental Lender:

City and County of San Francisco

Attn: _____

JOINDER REGARDING DEVELOPMENT FEE

The undersigned hereby acknowledges and agrees that the undersigned shall not be entitled to receive more than (i) [\$770,000] **[CHECK]** of their combined development fee in the aggregate on or prior to the Closing Date, (ii) [\$1,250,000] **[CHECK]** of their combined development fee in the aggregate prior to the Completion Date, (iii) [\$1,900,000] **[CHECK]** of their combined development fee in the aggregate prior to Conversion, (iv) [\$2,270,000] **[CHECK]** of their combined development fee in the aggregate prior to the submission of the placed in service application and cost certification to the Allocation Committee for approval, or (v) [\$2,400,000] **[CHECK]** of their combined development fee in the aggregate prior to receipt of IRS Form 8609 from the Allocation Committee; any portion of such development fee received by the undersigned in excess of such limits shall be remitted to MUFG Union Bank, N.A. to be held as additional collateral for the Borrower Loan and, upon an Event of Default with respect thereto, applied in reduction of amounts outstanding under the Borrower Loan in such amounts and in such order as MUFG Union Bank, N.A. shall elect in its sole and absolute discretion.

[SIGNATURE PAGE FOLLOWS]

**[CHECK: BORROWER TO PROVIDE DEVELOPER
SIGNATURE BLOCKS]**

**EXHIBIT A
LEGAL DESCRIPTION**

This **Exhibit A** is attached to and a part of that certain Construction and Permanent Loan Agreement dated March 1, 2021 by and between Fillmore Marketplace Housing Partners, L.P., a California limited partnership, the City and County of San Francisco, and MUFG Union Bank, N.A.

Real property in the City and County of San Francisco, State of California, described as follows:

BEGINNING AT THE POINT OF INTERSECTION OF THE WESTERLY LINE OF WEBSTER STREET WITH THE NORTHERLY LINE OF EDDY STREET; RUNNING THENCE NORTHERLY ALONG SAID WESTERLY LINE OF WEBSTER STREET 275 FEET TO THE FORMER SOUTHERLY LINE OF ELLIS STREET, AS LAST SAID STREET EXISTED PRIOR TO THE VACATION OF A PORTION THEREOF BY RESOLUTION NO. 764-81, ADOPTED AUGUST 24, 1981, BY THE BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO; RUNNING THENCE WESTERLY ALONG SAID FORMER SOUTHERLY LINE OF ELLIS STREET 220 FEET TO A POINT DISTANT THEREON 192.50 FEET EASTERLY FROM THE EASTERLY LINE OF FILLMORE STREET; THENCE AT A RIGHT ANGLE SOUTHERLY 275 FEET TO THE NORTHERLY LINE OF EDDY STREET; THENCE AT A RIGHT ANGLE EASTERLY ALONG SAID NORTHERLY LINE OF EDDY STREET 220 FEET TO THE POINT OF BEGINNING.

BEING A PORTION OF WESTERN ADDITION BLOCK NO. 306 AND ALL OF FORMER FOLGER ALLEY VACATED BY RESOLUTION NO. 479-70, ADOPTED JULY 27, 1970, BY THE BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO.

APN: Lot: 001, Block: 0732
Lot: 002, Block: 0732
Lot: 003, Block: 0732
Lot: 004, Block: 0732
Lot: 005, Block: 0732
Lot: 006, Block: 0732
Lot: 007, Block: 0732
Lot: 008, Block: 0732
Lot: 009, Block: 0732
Lot: 010, Block: 0732
Lot: 011, Block: 0732
Lot: 025, Block: 0732
Lot: 026, Block: 0732
Lot: 027, Block: 0732
Lot: 028, Block: 0732 and
Lot: 031, Block: 0732

**EXHIBIT B
DISBURSEMENT SCHEDULE**

This **Exhibit B** is attached to and a part of that certain Construction and Permanent Loan Agreement dated March 1, 2021 by and between Fillmore Marketplace Housing Partners, L.P., a California limited partnership, the City and County of San Francisco, and MUFG Union Bank, N.A. (the "Agreement"). All terms not defined herein have the meanings given them in the Agreement.

Loan Proceeds in the amount of [\$ _____] **[CHECK]**, plus other funds in the amount of [\$ _____] **[CHECK]**, are allocated as provided in the Project Budget attached as **Exhibit B-1** to this Agreement.

1. Total Acquisition. The portion of the Project Budget allocated for "Total Acquisition" in **Exhibit B-1** hereto, shall be disbursed to or for the benefit or account of Borrower for the payment of the cost of the acquisition of the Property.

2. Hard Costs. As rehabilitation of the Improvements progresses, the portion of the Project Budget allocated for "Hard Costs" in **Exhibit B-1** hereto, shall be periodically disbursed to or for the benefit or account of Borrower for the payment of Hard Costs. If Bank shall require, Borrower shall submit to Bank for approval, invoices or other evidence of the amounts of such Hard Costs. Subject to the provisions of the "Subsequent Disbursements" and "Additional Conditions to Advances" subsections in the "LOAN DISBURSEMENT" Section of the Agreement, Bank shall make each such disbursement to Borrower, Contractor or to such Persons as have actually supplied labor, materials or services in connection with the rehabilitation of the Improvements (at Bank's option as to whom and in what amounts payments are to be made), with the percentage to be ninety percent (90%) of the Draw Request submitted by Borrower and approved by Bank. Upon satisfaction of the provisions of the "Final Disbursement" and "Additional Conditions to Advances" subsections in the "LOAN DISBURSEMENT" Section of the Agreement, the remaining ten percent (10%) shall be disbursed to or for the benefit of or account of Borrower upon completion of the Improvements in accordance with the Plans and Governmental Requirements, but only when the statutory lien period has expired or Bank has received an acceptable lien-free title endorsement from the Title Insurer.

3. Hard Cost Contingency. The portion of the Project Budget allocated for "Hard Cost Contingency" in **Exhibit B-1** hereto, may be reallocated to other line items as Borrower may, from time to time, request in writing and as such reallocation is approved by Bank, in its sole discretion. The reallocation or depletion of, or the refusal of Bank to increase, reallocate or deplete, the Hard Cost Contingency shall not release Borrower from any of Borrower's obligations under any of the Borrower Loan Documents.

4. Cash Developer Fee. The portion of the Project Budget allocated for "Cash Developer Fee" in **Exhibit B-1** hereto, shall be periodically disbursed to or for the benefit or account of Borrower for the payment of the developer fee; provided; that Bank shall not disburse more than (i) [\$770,000] **[CHECK]** of the development fee in the aggregate on or prior to the Closing Date, or (ii) [\$1,250,000] **[CHECK]** of the development fee in the aggregate on or prior to the Completion Date.

5. Soft Cost Contingency. The portion of the Project Budget allocated for "Soft Cost Contingency" in **Exhibit B-1** hereto, may be reallocated to other line items as Borrower may, from time to time, request in writing and as such reallocation is approved by Bank, in its sole discretion. The reallocation or depletion of, or the refusal of Bank to increase, reallocate or deplete, the Soft Cost Contingency shall not release Borrower from any of Borrower's obligations under any of the Borrower Loan Documents.

6. Interest Reserve. The portion of the Project Budget allocated for "Interest Reserve" in **Exhibit B-1** hereto, shall be disbursed from time to time directly to Bank for the payment of interest which accrues and becomes due under the Borrower Note and under any Hedge Document entered into in connection with

the Borrower Loan. Bank is authorized to charge the Borrower Loan and Borrower's Funds Account directly for such interest payments when due. Each such interest payment shall then be deemed paid in full. Depletion of the Interest Reserve shall not release Borrower from any of Borrower's obligations under the Borrower Loan Documents, including without limitation, the obligation to pay all accrued interest due and owing and the obligation to deposit Borrower's Funds as required by the "BORROWER'S COVENANTS" Section of the Agreement.

At such time as Borrower receives any Net Operating Income from the operation of the Property, Borrower shall pay to Bank, commencing on the first interest payment date specified in the Borrower Note following the month in which Borrower receives such Net Operating Income, an amount equal to the lesser of (i) the interest payment then due and payable under the Borrower Note, and (ii) Net Operating Income for the prior calendar month. Borrower shall make such payment from funds other than undisbursed proceeds of the Borrower Loan. If Bank elects to require Net Operating Income be paid to Bank pursuant to the preceding sentence, to the extent such Net Operating Income is insufficient to pay in full the interest payment then due and payable under the Borrower Note, and provided that (X) Borrower is not then in default under the terms of the Borrower Loan Agreement, Borrower Note, Deed of Trust or any other Borrower Loan Document, (Y) there is then available in the Interest Reserve sufficient funds for such purposes, and (Z) Borrower has delivered timely to Bank an Operating Statement for the preceding calendar month, Borrower shall be entitled to have such shortfall paid by Bank withdrawing from the Interest Reserve an amount equal to such shortfall, whereupon such interest payment shall then be deemed paid in full.

7. **Bank Inspections.** The portion of the Project Budget allocated for "Bank Inspections" in **Exhibit B-1** hereto, shall be periodically disbursed to or for the benefit or account of Borrower for the payment of bank inspections. If Bank shall require, Borrower shall submit to Bank for approval, invoices or other evidence of the amounts of such Bank Inspections.

8. **Total Other Soft Costs.** The portion of the Project Budget allocated for "Total Other Soft Costs" in **Exhibit B-1** hereto, shall be periodically disbursed to or for the benefit or account of Borrower for the payment of the other soft costs of the Project not specifically described in any other line item of the Project Budget. If Bank shall require, Borrower shall submit to Bank for approval, invoices or other evidence of the amounts of such Other Soft Costs.

9. **Method of Disbursement.** Funds disbursed to Borrower under the terms of this Agreement shall be made by wire transfer to [_____], ABA # [_____] for credit to Account # [_____] in the name of Borrower.

10. **Payment Processing.** Borrower agrees to pay Bank's usual and customary fees for non-automated payment processing.

11. **Good Funds Disclosure.** BORROWER ACKNOWLEDGES THAT STATE LAW REQUIRES ANY ESCROW AGENT HANDLING FUNDS IN AN ESCROW CAPACITY (INCLUDING ANY TITLE INSURANCE COMPANY) TO HAVE DEPOSITED INTO ITS ESCROW DEPOSITORY ACCOUNT, PRIOR TO RECORDING A TRANSACTION, IMMEDIATELY AVAILABLE FUNDS REPRESENTING ALL DISBURSEMENTS TO BE MADE BY THE ESCROW AGENT. ACCORDINGLY, WITH RESPECT TO ALL FUNDS TO BE DISBURSED PURSUANT TO THE ABOVE, BORROWER AUTHORIZES BANK TO MAKE SUCH DISBURSEMENT TO THE TITLE INSURER ON THE DATE SPECIFIED BY SAID TITLE INSURER, WHICH DATE MAY BE PRIOR TO THE RECORDING OF THE DEED OF TRUST. INTEREST ON AMOUNTS OUTSTANDING UNDER THE BORROWER NOTE SHALL ACCRUE FROM THE DATE OF DISBURSEMENT, WHICH MAY NOT BE THE DATE OF RECORDING OF THE DEED OF TRUST. TITLE INSURER SHALL SPECIFY THE DATE IT REQUIRES SUCH PROCEEDS (INCLUDING LOAN PROCEEDS) FOR USE IN SAID ESCROW.

[SIGNATURE PAGE FOLLOWS]

This Disbursement Schedule is executed by Borrower and Bank this first day of March, 2021.

BORROWER:

FILLMORE MARKETPLACE HOUSING PARTNERS, L.P.,
a California limited partnership

By: Related/Fillmore Marketplace Development Co., LLC,
a California limited liability company,
its administrative general partner

By: _____
Frank Cardone, President

By: _____,
a California limited liability company,
its managing general partner

By: _____,
a California nonprofit public benefit corporation,
its manager

By: _____

BANK:

MUFG UNION BANK, N.A.

By: _____
Name: Joshua Evju
Title: Director

**EXHIBIT B-1
PROJECT BUDGET**

This **Exhibit B-1** is attached to and a part of that certain Construction and Permanent Loan Agreement dated March 1, 2021 by and between Fillmore Marketplace Housing Partners, L.P., a California limited partnership, the City and County of San Francisco, and MUFG Union Bank, N.A.

[TO BE INSERTED]

**EXHIBIT C
SPECIAL CONDITIONS**

1. The following representations and warranties are incorporated by reference in Section 6 of this Agreement:

(a) The Project is located wholly within the City and County of San Francisco, which is within the jurisdiction of the Governmental Lender.

(b) 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 Funding Loan Notes. The Borrower intends to utilize the Project as multifamily rental housing during the Qualified Project Period (as defined in the Tax-Exempt Regulatory Agreement).

(c) Not in excess of two percent (2%) of the proceeds of the Borrower Loan will be used to pay costs of issuance of the Funding Loan Notes.

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

(e) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the Project; that it is familiar with the provisions of all of the documents and instruments relating to the financing of the Project to which it is a party; that it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project; and that it has not relied on the Governmental Lender for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Governmental Lender in any manner except to issue the Funding Loan Notes in order to provide funds for the Borrower Loan.

(f) The Borrower intends to hold the Project for its own account, has no current plans to sell and has not entered into any agreement to sell the Project.

(g) The Borrower has contacted all "related persons" thereof (within the meaning of Section 147(a) of the Code) of which it is aware; and none of them shall, at any time, pursuant to any arrangement, formal or informal, acquire any interest in the Funding Loan Notes in an amount related to the amount of the Borrower Loan.

(h) All of the proceeds from the Borrower Loan plus any income from the investment of the proceeds of the Borrower Loan will be used to pay or reimburse the Borrower for Project costs, and at least 97% of the proceeds of the Borrower Loan will be used to pay or reimburse the Borrower for Good Costs (as defined in the Tax Certificate) and less than 25% of such amount will be used to pay or reimburse the Borrower for the cost of land or any interest therein. The Borrower shall assure that the proceeds of the Borrower Loan are expended so as to cause the Funding Loan Notes to constitute a "qualified residential rental bond" within the meaning of Section 142(d) of the Code.

(i) The Borrower has not knowingly taken or permitted to be taken and will not knowingly take or permit to be taken any action which would have the effect, directly or indirectly, of causing interest on the Funding Loan Notes to be included in the gross income of the owners thereof for purposes of federal income taxation.

(j) The Borrower hereby represents and warrants that, within the meaning of Section 147(a)(14) of the Code, the weighted average maturity of the Funding Loan Notes does not exceed 120 percent of the average reasonably expected remaining economic life of the facilities being financed with the proceeds of the Funding Loan Notes.

(k) The Borrower represents and warrants that no portion of the proceeds of the Borrower Loan will be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Borrower Loan will 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 at such office is not related to the day-to-day operations of the Project.

2. The following covenants of Borrower are incorporated by reference in Section 7 of this Agreement:

(a) The Borrower covenants that it shall not take, or permit or suffer to be taken by the Governmental Lender or otherwise, any action with respect to the proceeds of the Funding Loan Notes which if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Funding Loan Notes would have caused the Funding Loan Notes to be an "arbitrage bond" within the meaning of Section 148(a) of the Code.

(b) Payment of Governmental Lender Fees and Expenses. The Borrower covenants to pay all third-party fees of the financing, including, but not limited to the following:

(i) All taxes and assessments of any type or character charged to the Governmental Lender or to the Bank affecting the amount available to the Governmental Lender or to the Bank from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Bank and taxes based upon or measured by the net income of the Bank; provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Authority or the Bank, 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 Governmental Lender or the Bank;

(ii) The annual fee of the Governmental Lender, payable as set forth in Section 20 of the Tax-Exempt Regulatory Agreement, and, within fifteen (15) days after receipt of request for payment thereof, the reasonable fees and expenses of the Governmental Lender or any agents, attorneys, accountants, consultants selected by the Governmental Lender to act on its behalf in connection with this Agreement, the Tax-Exempt Regulatory Agreement, the Funding Loan Notes or the Funding Loan Agreement, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Funding Loan Notes or in connection with any litigation which may at any time be instituted involving this Agreement, the Tax-Exempt Regulatory Agreement and any other Borrower Loan Documents, the Funding Loan Notes or the Funding Loan Agreement 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; and

(iii) These obligations and those in Section 7.24 shall remain valid and in effect notwithstanding repayment of the Borrower Loan or termination of this Agreement or the Funding Loan Agreement.

(c) Tax Exempt Status of the Funding Loan Notes.

(i) It is the intention of the Governmental Lender, Bank and the Borrower that interest on the Funding Loan Notes shall be and remain excludable from gross income for federal income taxation purposes, and to that end the covenants and agreements of the Borrower in this Section are for the benefit of the Bank and the Governmental Lender.

(ii) The Borrower covenants and agrees that it will not knowingly and willingly use or permit the use of any of the funds provided by the Governmental Lender or the Bank hereunder or any other funds of the Borrower, directly or indirectly, in such manner as would, or enter into, or allow any "related person" (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the Funding Loan Notes that would, or take or omit to take any other action that would cause the Funding Loan Notes to be an "arbitrage bond" within the meaning of Section 148 of the Code or "federally guaranteed" within the meaning of Section 149(b) of the Code and applicable regulations promulgated from time to time thereunder.

(iii) In the event that at any time the Borrower is of the opinion or becomes otherwise aware that for purposes of this Section it is necessary to restrict or to limit the yield on the investment of any moneys held under the Funding Loan Agreement, the Borrower Loan Documents or otherwise by the Bank, the Borrower shall determine the limitations and so instruct the Bank in writing and cause the Bank to comply with those limitations.

(iv) The Borrower will take such action or actions as may be reasonably necessary in the opinion of Tax Counsel or of counsel to the Governmental Lender, or of which it otherwise becomes aware, to fully comply with Section 148 of the Code as it pertains to the Funding Loan Notes.

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

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

(vii) The Borrower shall not purchase, and shall use its best efforts to prevent any guarantor of the Borrower from purchasing, pursuant to an arrangement, formal or informal, any interest in the Funding Loan Notes in an amount related to the amount of the Borrower Loan.

(viii) The Borrower will use due diligence to complete the acquisition and rehabilitation of the Project and reasonably expects to fully expend the portion of the Borrower Loan by the Completion Date.

(ix) The Borrower will calculate or cause to be calculated, at the times required by the Code, any rebate due to the federal government in respect of the Funding Loan Notes, and will make timely payment of any rebate amount due to the federal government.

(d) **Federal Guarantee Prohibition.** The Borrower shall take no action, nor permit nor suffer any action to be taken if the result of the same would be to cause the Funding Loan Notes to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(e) **Limited Liability.** The Governmental Lender 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 Borrower Loan Agreement, the Funding Loan Notes or any of the other Borrower Loan Documents, except only to the extent amounts are received for the payment thereof from the Borrower under this Borrower Loan Agreement. All obligations and any liability of the Governmental Lender shall be further limited as provided in Sections 4.1, 5.2 and 6.7 of the Funding Loan Agreement.

**EXHIBIT D
CONDITIONS TO CONVERSION**

The following shall be the conditions precedent to conversion:

Conditions to Conversion	Check When Satisfied
(a) The final disbursement shall have occurred.	<input type="checkbox"/>
(b) All indebtedness incurred by the Borrower in connection with the Project, including, but not limited to, the Borrower Loan and any subordinate financing, shall be completely funded and, if applicable, converted to permanent financing.	<input type="checkbox"/>
(c) No material adverse change has occurred in the financial condition of Borrower or any other Loan Party, as evidenced by current Financial Statements provided by Borrower to Bank.	<input type="checkbox"/>
(d) All representations and warranties made by Borrower in the Borrower Loan Documents and the Funding Loan Documents shall be true and correct in all material respects on and as of the Conversion Date as if made on and as of the Conversion Date (and, if required by Bank, Bank shall have received a certificate of Borrower to that effect).	<input type="checkbox"/>
(e) The Improvements shall not have been materially injured or damaged by fire or other casualty unless the injury or damage has been fully repaired to the satisfaction of the Bank.	<input type="checkbox"/>
(f) Bank shall have received (A) such endorsements to the Title Policy as Bank may require which shall insure that the Improvements have been completed free of all mechanic's and materialmen's liens or claims thereof (or, if such lien has been filed, such lien has been bonded over, released or discharged to the satisfaction of Bank), or (B) such additional title policies with endorsements as Bank may require, with a liability limit of not less than the principal amount of the Borrower Loan, issued by Title Insurer, with coverage and in form satisfactory to Bank, insuring Governmental Lender's and Bank's interest under the Deed of Trust as a first lien on the Property, excepting only such items as shall have been approved in writing by Bank.	<input type="checkbox"/>
(g) Borrower delivers to Bank fully executed copies of any amendments or assignments affecting the formation documents of Borrower and, if applicable, its constituent general partners or members, to the extent not previously provided to and approved by Bank.	<input type="checkbox"/>
(h) Borrower provides Bank with current evidence of the insurance coverage required pursuant to this Agreement, provided that Borrower need not provide evidence of course of construction insurance and Borrower shall in addition provide evidence of business interruption and/or rental interruption insurance, as applicable.	<input type="checkbox"/>
(i) Bank shall have received the Paydown Amount in cash or current funds.	<input type="checkbox"/>

Conditions to Conversion		Check When Satisfied
(j)	During each month of the three-month period immediately preceding the Conversion Date; at least ninety percent (90%) of the Units within the Property shall have been leased to, and occupied by, third-party residential tenants under Acceptable Unit Leases executed by Borrower in strict compliance with the terms and conditions of this Agreement, the City Loan Documents, the Seller Loan Documents, the HCD Loan Documents and the Regulatory Agreements.	<input type="checkbox"/>
(k)	The Improvements shall have been completed in substantial accordance with the Plans free and clear of all liens other than Permitted Liens and Bank shall have received, to the extent applicable, copies of the final certificates of occupancy for each Unit within the Property.	<input type="checkbox"/>
(l)	As of the Conversion Date, no Event of Default and no other event or condition that, with the giving of notice or the passage of time, or both, would become an Event of Default, shall have occurred and be continuing.	<input type="checkbox"/>
(m)	If required by Bank, a current survey of the Real Property, including dimensions and delineation of all the Improvements and location of all easements thereon, certified to and satisfactory to Bank and Title Insurer.	<input type="checkbox"/>
(n)	Guarantor has executed and delivered to Governmental Lender and Bank the Indemnity Agreement.	<input type="checkbox"/>
(o)	During each month of the three-month period immediately preceding the Conversion Date, the Debt Coverage Ratio for the Property shall have been at least 1.15 to 1.00.	<input type="checkbox"/>
(p)	Borrower shall have established with Bank the Capital Improvement Reserve Account and collaterally assigned such account to Bank.	<input type="checkbox"/>
(q)	Borrower shall have paid to Bank all reasonable costs and expenses incurred by Bank and Fiscal Agent in connection with the Conversion.	<input type="checkbox"/>
(r)	If requested by Bank, (i) Tax Credit Investor shall have executed and delivered to Bank an estoppel certificate in form and substance reasonably acceptable to the Bank, which shall contain such certifications as Bank shall reasonably require with respect to Tax Credit Investor's obligations under the Partnership Agreement, (ii) the City shall have executed and delivered to Bank an estoppel certificate in a form and substance acceptable to Bank, and which shall contain such certifications as Bank shall reasonably require, with respect to the City Loan Documents, (iii) Seller shall have executed and delivered to Bank an estoppel certificate in a form and substance acceptable to Bank, and which shall contain such certifications as Bank shall reasonably require, with respect to the Seller Loan Documents, and (iv) HCD shall have executed and delivered to Bank an estoppel certificate in a form and substance acceptable to Bank, and which shall contain such certifications as Bank shall reasonably require, with respect to the HCD Loan Documents.	<input type="checkbox"/>
(s)	Intentionally Omitted.	<input type="checkbox"/>

Conditions to Conversion		Check When Satisfied
(t)	Borrower shall have entered into one or more Hedges, in form and content and from a counterparty complying with the provisions contained in Section 7.45, which shall provide for the Borrower to pay a fixed rate of interest no greater than [___%] [CHECK] with respect to Borrower Note A-2 (including the Margin applicable to Borrower Note A-2 during the Permanent Phase), on an amount not more than the entire outstanding principal balance of Borrower Note A-2 as of the Conversion Date, for the period commencing on the Outside Conversion Date through the Maturity Date applicable to Borrower Note A-2.	<input type="checkbox"/>
(u)	Such evidence as Bank may require evidencing expenditure of Borrower's Equity on Project costs in accordance with this Agreement is at least [\$12,503,946] [CHECK] in the aggregate.	<input type="checkbox"/>
(v)	The Loan-to-Value Ratio shall not exceed eighty percent (80%).	<input type="checkbox"/>

EXHIBIT E

CITY CONTRACTING PROVISIONS

[CHECK: SUBJECT TO REVIEW/APPROVAL BY GOVERNMENTAL LENDER]

The following provisions shall apply to this Borrower Loan Agreement as if set forth in the body thereof. Capitalized terms used but not defined in this Exhibit E shall have the meanings given in this Borrower Loan Agreement. For purposes of this Exhibit, "Contractor" shall mean each of Borrower and Funding Lender.

1. Submitting False Claims; Monetary Penalties. Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City and County of San Francisco ("City") for the statutory penalties set forth in that section. The text of Section 21.35, along with the entire San Francisco Administrative Code is available on the web at [http://www.amlegal.com/nxt/gateway.dll/California/administrative/administrativecode?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:sanfrancisco_ca\\$sync=1](http://www.amlegal.com/nxt/gateway.dll/California/administrative/administrativecode?f=templates$fn=default.htm$3.0$vid=amlegal:sanfrancisco_ca$sync=1). A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

2. Payment Does Not Imply Acceptance of Work. The granting of any payment by City, or the receipt thereof by Contractor, shall in no way lessen the liability of Contractor to replace unsatisfactory work, equipment, or materials, although the unsatisfactory character of such work, equipment or materials may not have been apparent or detected at the time such payment was made. Materials, equipment, components, or workmanship that do not conform to the requirements of this Agreement may be rejected by City and in such case must be replaced by Contractor without delay.

3. Qualified Personnel. Work under this Agreement shall be performed only by competent personnel under the supervision of and in the employment of Contractor. Contractor will comply with City's reasonable requests regarding assignment of personnel, but all personnel, including those assigned at City's request, must be supervised by Contractor. Contractor shall commit adequate resources to complete the project within the project schedule specified in this Agreement.

4. Independent Contractor; Payment of Taxes and Other Expenses

a. Independent Contractor. Contractor or any agent or employee of Contractor shall be deemed at all times to be an independent contractor and is wholly responsible for the manner in which it performs the services and work requested by City under this Agreement. Contractor or any agent or employee of Contractor shall not have employee status with City, nor be entitled to participate in any plans, arrangements, or distributions by City pertaining to or in connection with any retirement, health or other benefits that City may offer its employees. Contractor or any agent or employee of Contractor is liable for the acts and omissions of itself, its employees and its agents. Contractor shall be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, unemployment compensation, insurance, and other similar responsibilities related to Contractor's performing services and work, or any agent or employee of Contractor providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between City and Contractor or any agent or employee of Contractor. Any terms in this Agreement referring to direction from City shall be construed as providing for direction as to policy and the result of Contractor's work only, and not as to the means by which such a result is obtained. City does not retain the right to control the means or the method by which Contractor performs work under this Agreement.

b. Payment of Taxes and Other Expenses. Should City, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or both, determine that Contractor is an employee for purposes of collection of any employment taxes, the amounts payable under this Agreement shall be reduced by amounts equal to both the employee and employer portions of the tax due (and offsetting any credits for amounts already paid by Contractor which can be applied against this liability). City shall then forward those amounts to the relevant taxing authority. Should a relevant taxing authority determine a liability for past services performed by Contractor for City, upon notification of such fact by City, Contractor shall promptly remit such amount due or arrange with City to have the amount due withheld from future payments to Contractor under this Agreement (again, offsetting any amounts already paid by Contractor which can be applied as a credit against such liability). A determination of employment status pursuant to the preceding two paragraphs shall be solely for the purposes of the particular tax in question, and for all other purposes of this Agreement, Contractor shall not be considered an employee of City. Notwithstanding the foregoing, should any court, arbitrator, or administrative authority determine that Contractor is an employee for any other purpose, then Contractor agrees to a reduction in City's financial liability so that City's total expenses under this Agreement are not greater than they would have been had the court, arbitrator, or administrative authority determined that Contractor was not an employee.

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

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

7. Ownership of Results. Any interest of Contractor or its Subcontractors, in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by Contractor or its subcontractors in connection with services to be performed under this Agreement, shall become the property of and will be transmitted to City. However, Contractor may retain and use copies for reference and as documentation of its experience and capabilities.

8. Works for Hire. If, in connection with services performed under this Agreement, Contractor or its subcontractors create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes or any other original works of authorship, such works of authorship shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the City. If it is ever determined that any works created by Contractor or its subcontractors under this Agreement are not works for hire under U.S. law, Contractor hereby assigns all copyrights to such works to the City, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the approval of the City, Contractor may retain and use copies of such works for reference and as documentation of its experience and capabilities.

9. Audit and Inspection of Records. Contractor agrees to maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its work under this Agreement. Contractor will permit City to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not less than five years after final payment under this Agreement or until after final audit has been

resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Agreement shall have the same rights conferred upon City by this Section.

10. Earned Income Credit (EIC) Forms. Administrative Code section 12O requires that employers provide their employees with IRS Form W-5 (The Earned Income Credit Advance Payment Certificate) and the IRS EIC Schedule, as set forth below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere that Federal Tax Forms can be found. Contractor shall provide EIC Forms to each Eligible Employee at each of the following times: (i) within thirty days following the date on which this Agreement becomes effective (unless Contractor has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (ii) promptly after any Eligible Employee is hired by Contractor; and (iii) annually between January 1 and January 31 of each calendar year during the term of this Agreement. Failure to comply with any requirement contained in subparagraph (a) of this Section shall constitute a material breach by Contractor of the terms of this Agreement. If, within thirty days after Contractor receives written notice of such a breach, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, Contractor fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the City may pursue any rights or remedies available under this Agreement or under applicable law. Any Subcontract entered into by Contractor shall require the subcontractor to comply, as to the subcontractor's Eligible Employees, with each of the terms of this section. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Section 12O of the San Francisco Administrative Code.

11. Local Business Enterprise Utilization; Liquidated Damages

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

b. Compliance and Enforcement

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

12. Nondiscrimination; Penalties

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

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

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

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

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

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

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

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

16. Compliance with Americans with Disabilities Act. Contractor acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity

to the public, whether directly or through a contractor, must be accessible to the disabled public. Contractor shall provide the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Contractor agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of Contractor, its employees, agents or assigns will constitute a material breach of this Agreement.

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

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

19. Requiring Minimum Compensation for Covered Employees

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

b. The MCO requires Contractor to pay Contractor's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and Contractor is obligated to keep informed of the then-current requirements. Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. It is Contractor's obligation to ensure that any subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any subcontractor under this Agreement fails to comply, City may pursue any of the remedies set forth in this Section against Contractor.

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

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

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

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

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

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

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

20. Requiring Health Benefits for Covered Employees

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

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

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

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

remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

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

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

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

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

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

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

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

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

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

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

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

22. Compliance with Laws. Contractor shall keep itself fully informed of the City's Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the

performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

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

24. Food Service Waste Reduction Requirements. Effective June 1, 2007, Contractor agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, Contractor agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Contractor agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Contractor's failure to comply with this provision.



CONSTRUCTION AND PERMANENT LOAN AGREEMENT
(MULTIFAMILY HOUSING BACK TO BACK LOAN PROGRAM)

by and among

CITY AND COUNTY OF SAN FRANCISCO

as Governmental Lender,

MUFG UNION BANK, N.A.,

as Bank

and

FILLMORE MARKETPLACE HOUSING PARTNERS, L.P.,
a California limited partnership,

as Borrower

Dated: March 1, 2021

Relating to

[\$ _____] **[CHECK]**

City and County of San Francisco
Multifamily Housing Revenue Notes
(Fillmore Marketplace Apartments)
Series 2021 A-1, A-2 and A-3

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