

File No. 210765

Committee Item No. 11

Board Item No. 45

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date July 13, 2021

Board of Supervisors Meeting

Date July 20, 2021

Cmte Board

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Completed by: Linda Wong Date July 8, 2021

Completed by: Linda Wong Date July 15, 2021

1 [Multifamily Housing Revenue Note - Ambassador Ritz Four Percent L.P. - 55 Mason Street
2 and 216 Eddy Street - Not to Exceed \$56,039,857]

3 **Resolution authorizing the execution and delivery of a multifamily housing revenue**
4 **note in one or more series in an aggregate principal amount not to exceed \$56,039,857**
5 **for the purpose of providing financing for the acquisition and rehabilitation of a 187-**
6 **unit multifamily rental housing project located at 55 Mason Street and 216 Eddy Street,**
7 **known as “Ambassador Ritz 4%,” approving the form of and authorizing the execution**
8 **of a funding loan agreement, providing the terms and conditions of the loan from the**
9 **funding lenders to the City, and the execution and delivery of the note; approving the**
10 **form of and authorizing the execution of a borrower loan agreement providing the**
11 **terms and conditions of the loan from the City to the borrower; approving the form of**
12 **and authorizing the execution of a regulatory agreement and declaration of restrictive**
13 **covenants; authorizing the collection of certain fees; approving modifications, changes**
14 **and additions to the documents, as defined herein; ratifying and approving any action**
15 **heretofore taken in connection with the back-to-back loan, the note and the Project;**
16 **granting general authority to City officials to take actions necessary to implement this**
17 **Resolution, as defined herein; and related matters, as defined herein.**

18
19 WHEREAS, The Board of Supervisors of the City and County of San Francisco (the
20 “Board”) desires to provide for the financing of a portion of the costs of the acquisition and
21 rehabilitation by Ambassador Ritz Four Percent, L.P., a California limited partnership (the
22 “Borrower”), of a 187-unit residential rental housing development project located at 55 Mason
23 Street and 216 Eddy Street, in San Francisco, California, known as “Ambassador Ritz 4%”
24 (the “Project”), to provide housing for persons and families of low income and very low income
25

1 through the issuance of a multifamily housing revenue note (the “Note”) as described herein;
2 and

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

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

10 WHEREAS, On May 4, 2020, the City caused a notice stating that a public hearing with
11 respect to the issuance of multifamily housing revenue bonds for the Project would be held by
12 the Mayor’s Office of Housing and Community Development (the “MOHCD”) on May 11, 2020,
13 to be published and appear in the Notices section of the MOHCD’s website (at
14 <https://sfmohcd.org/notices-0>), which is on file with the Clerk of the Board of Supervisors in
15 File No. 200484 and incorporated herein by reference; and

16 WHEREAS, At the date and time and at the location specified in such notice the
17 MOHCD held such public hearing at which an opportunity was provided for persons to
18 comment on the issuance of multifamily housing revenue bonds and the Project; and

19 WHEREAS, Due to the lapse of time since the public hearing held on May 11, 2020,
20 the City held another public hearing regarding the issuance of multifamily housing revenue
21 bonds relating to the Project pursuant to Section 147(f) of the Code; and

22 WHEREAS, On November 24, 2020, the City caused a notice stating that a public
23 hearing with respect to the issuance of such bonds would be held by the MOHCD on
24 December 7, 2020, to be published and appear in the Notices section of the MOHCD’s
25 website (at <https://sfmohcd.org/notices-0>); and

1 WHEREAS, The MOHCD held the public hearing described above on December 7,
2 2020, at which hearing an opportunity was provided for persons to comment on the issuance
3 of such bonds relating to the Project; and

4 WHEREAS, On December 9, 2020, the California Debt Limit Allocation Committee
5 (“CDLAC”) in its Resolution No. 20-185, allocated an amount not to exceed \$56,039,857 in
6 qualified private activity bond volume cap to the Project; and

7 WHEREAS, There has been prepared and presented to the Board for consideration at
8 this meeting the documentation required for the execution and delivery of the Note, and such
9 documentation is on file with the Clerk of the Board of Supervisors (the “Clerk of the Board”);
10 and

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

14 WHEREAS, The Board finds that the public interest and necessity require that the City
15 at this time make arrangements for the funding loan, the borrower loan and the execution and
16 delivery of the Note; and

17 WHEREAS, The Note will be a limited obligation of the City, the sole source of
18 repayment of which shall be payments made by the Borrower under the Borrower Loan
19 Agreement (hereinafter defined), together with investment income of certain funds and
20 accounts held under the Funding Loan Agreement (hereinafter defined); and

21 WHEREAS, The City has engaged Orrick, Herrington & Sutcliff LLP and Curlls Bartling
22 P.C., as co-special counsel with respect to the Note (“Co-Special Counsel”); and

23 WHEREAS, U.S. Bank National Association (or an affiliate thereof) (the “Initial Funding
24 Lender”) has expressed its intention to make the funding loan, to be delivered by the Note, to
25 the City; now, therefore, be it

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

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

5 Section 2. Approval of Execution and Delivery of Note. In accordance with the Act
6 and the Funding Loan Agreement, the City is hereby authorized to execute and deliver a note
7 or notes in one or more series designated as “City and County of San Francisco, California
8 Multifamily Housing Revenue Note (Ambassador Ritz 4%), Series 2021D” or such other
9 designation as may be necessary or appropriate to distinguish such series from every other
10 series of bonds or notes of the City, in an aggregate principal amount not to exceed
11 \$56,039,857 (the “Note”), with an interest rate not to exceed twelve percent (12%) per annum
12 for the Note, and which shall have a final maturity date not later than forty (40) years from the
13 date of execution and delivery of the Note. The Note shall be in the form set forth in and
14 otherwise in accordance with the Funding Loan Agreement and shall be executed by the
15 manual or facsimile signature of the Mayor of the City (the “Mayor”).

16 Section 3. Approval of Funding Loan Agreement. The Funding Loan Agreement
17 (the “Funding Loan Agreement”) in the form presented to the Board, a copy of which is on file
18 with the Clerk of the Board, is hereby approved. The Funding Loan Agreement shall be
19 entered into by and among the City, the Initial Funding Lender, U.S. Bank National
20 Association, in its capacity as Funding Lender Representative (the “Funding Lender
21 Representative”) and a trust company, a state banking corporation or a national banking
22 association with the authority to accept trusts in the State of California selected by the Director
23 of MOHCD (the “Director”) and otherwise meeting the eligibility requirement of fiscal agent set
24 forth in the Funding Loan Agreement (the “Fiscal Agent”). Each of the Mayor, the Director,
25 the Deputy Director of Housing of MOHCD, and any other Authorized Governmental Lender

1 Representative (as such term is defined in the Funding Loan Agreement), acting individually
2 or collectively (each, an “Authorized City Representative”) is hereby authorized to execute the
3 Funding Loan Agreement, approved as to form by the City Attorney of the City (the “City
4 Attorney”), in substantially said form, together with such additions thereto and changes therein
5 as the City Attorney and Co-Special Counsel may approve or recommend in accordance with
6 Section 7 hereof.

7 Section 4. Approval of Borrower Loan Agreement and Assignment of Deed of Trust
8 and Related Documents. The Borrower Loan Agreement (the “Borrower Loan Agreement”) by
9 and among the City, the Fiscal Agent and the Borrower and the Assignment of Deed of Trust
10 and Related Documents, from the City to the Funding Lender Representative for the benefit of
11 Funding Lenders (the “Assignment”), in the forms presented to the Board, copies of which are
12 on file with the Clerk of the Board, are hereby approved. Each Authorized City
13 Representative is hereby authorized to execute the Borrower Loan Agreement and the
14 Assignment in substantially said form, together with such additions thereto and changes
15 therein as the City Attorney and Co-Special Counsel may approve or recommend in
16 accordance with Section 7 hereof.

17 Section 5. Approval of Regulatory Agreement and Declaration of Restrictive
18 Covenants. The Regulatory Agreement and Declaration of Restrictive Covenants (the
19 “Regulatory Agreement” and, together with the Funding Loan Agreement, the Assignment and
20 the Borrower Loan Agreement, the “City Documents”), between the City and the Borrower, in
21 the form presented to the Board, a copy of which is on file with the Clerk of the Board, is
22 hereby approved. Each Authorized City Representative is hereby authorized to execute the
23 Regulatory Agreement, approved as to form by the City Attorney, in substantially said form,
24 together with such additions thereto and changes therein as the City Attorney and Co-Special
25 Counsel may approve or recommend in accordance with Section 7 hereof.

1 Section 6. Issuer Fees. The City, acting through MOHCD, shall charge a fee for the
2 administrative costs associated with executing and delivering the Note in an amount not to
3 exceed one-quarter of one percent (0.25%) of the maximum aggregate principal amount of
4 the Note (the “Issuance Fee”). Such Issuance Fee shall be payable at funding loan closing
5 and shall be contingent on the execution and delivery of the Note. The City may also charge
6 an annual fee for monitoring compliance by the Borrower with certain provisions of the
7 Regulatory Agreement in an amount not to exceed one-eighth of one percent (0.125%) of the
8 maximum outstanding aggregate principal amount of the Note, but no less than \$2,500
9 annually, from completion of construction through the term of the Regulatory Agreement (the
10 “Annual Fee”). The Annual Fee due during the construction period may be payable upon
11 execution and delivery of the Note. The Board hereby authorizes MOHCD to charge and
12 collect the fees described in this section. Notwithstanding the foregoing provisions of this
13 Section, MOHCD is authorized to charge an Issuance Fee or Annual Fee, or both, that is or
14 are lower than or that are collected on a different schedule than the fees prescribed in this
15 Section 6, if upon the advice of Co-Special Counsel, lower fees are necessary or advisable to
16 ensure that the Note does not become an “arbitrage bond” within the meaning of Section 148
17 of the Code, or to ensure that interest on the Note does not become includable in gross
18 income for federal income tax purposes under Section 103 of the Code.

19 Section 7. Modifications, Changes, Additions. Any Authorized City Representative
20 executing the City Documents, in consultation with the City Attorney and Co-Special Counsel,
21 is hereby authorized to approve and make such modifications, changes or additions to the
22 City Documents as may be necessary or advisable, provided that such modification does not
23 authorize an aggregate principal amount of the Note in excess of \$56,039,857, provide for a
24 final maturity of the Note later than forty (40) years from the date of execution and delivery of
25 the Note, or provide for the Note to bear interest at a rate in excess of twelve percent (12%)

1 per annum. The approval of any modification, addition or change to any of the
2 aforementioned documents shall be evidenced conclusively by the execution and delivery of
3 the document in question by an Authorized City Representative.

4 Section 8. Ratification. All actions heretofore taken by the officers and agents of the
5 City with respect to the funding loan and the execution and delivery of the Note consistent
6 with the City Documents are hereby approved, confirmed and ratified.

7 Section 9. General Authority. The proper officers of the City (including the
8 Authorized City Representative) are hereby authorized and directed, for and in the name and
9 on behalf of the City, to do any and all things and take any and all actions and approve,
10 execute, acknowledge and deliver any and all certificates, agreements (including, but not
11 limited to, tax documents and such agreements to provide adequate or additional security or
12 indemnities as required by lenders to consummate the financing) and other documents,
13 including but not limited to those documents described in the City Documents, which they, or
14 any of them, may deem necessary or advisable in order to consummate the lawful execution
15 and delivery of the Note and to effectuate the purposes thereof and of the City Documents
16 herein approved in accordance with this Resolution and in consultation with the City Attorney.
17 Any such actions are solely intended to further the purposes of this Resolution, and are
18 subject in all respects to the terms of the Resolution. No such actions shall increase the risk
19 to the City or require the City to spend any resources not otherwise granted herein. Final
20 versions of such documents shall be provided to the Clerk of the Board for inclusion in the
21 official file within thirty (30) days of execution by all parties.

22 Section 10. File. All documents referenced herein as being on file with the Clerk of
23 the Board are located in File No. 210765, which is hereby declared to be a part of this
24 Resolution as if set forth fully herein.

25 ///

1 Section 11. This Resolution shall take effect from and after its adoption by the Board
2 and approval by the Mayor.

3
4 APPROVED AS TO FORM:
5 DENNIS J. HERRERA, City Attorney

6
7 By: /s/ Heidi J. Gewertz
8 Heidi J. Gewertz
9 Deputy City Attorney

10 n:\financlas2021\2000170\01539871.docx

FUNDING LOAN AGREEMENT

Among

**U.S. BANK NATIONAL ASSOCIATION,
as Funding Lender Representative**

**CITY AND COUNTY OF SAN FRANCISCO,
as Governmental Lender**

and

**[FISCAL AGENT]
as Fiscal Agent**

Dated as of August 1, 2021

**[\$[2021D PAR]
CITY AND COUNTY OF SAN FRANCISCO
MULTIFAMILY HOUSING REVENUE NOTE
(AMBASSADOR RITZ 4%) SERIES 2021D**

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FUNDING LOAN AGREEMENT

This Funding Loan Agreement, dated as of August 1, 2021 (this “Funding Loan Agreement”), is entered into by **U.S. BANK NATIONAL ASSOCIATION**, a national banking association (together with any successor hereunder, the “Funding Lender Representative”), **[FISCAL AGENT]** (together with any successor or assign, the “Fiscal Agent”) and the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, duly organized and existing under the laws of the State of California (together with its successors and assigns, the “Governmental Lender”).

RECITALS

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

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

WHEREAS, Ambassador Ritz Four Percent, L.P., a California limited partnership (together with its permitted successors and assigns, the “Borrower”), has requested the Governmental Lender to enter into this Funding Loan Agreement under which (i) the Funding Lender Representative will advance funds (the “Funding Loan”) to or for the account of the Governmental Lender, and (ii) the Governmental Lender will apply the proceeds of the Funding Loan to make a loan (the “Borrower Loan”) to the Borrower to finance the acquisition, rehabilitation, construction, development, and equipping of a 187-unit (of which zero are manager’s units) multifamily residential rental housing development located on two sites within the City, known or to be known as [Ambassador Ritz Apartments] (the “Project”);

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

WHEREAS, the Funding Lender Representative will advance the initial advance on the Closing Date and will administer the Funding Loan, and, following the Closing Date, it is anticipated that one or more additional funding lenders (each, as more particularly described herein, an “Additional Funding Lender”) may purchase a portion of the Funding Loan pursuant to the terms of this Funding Loan Agreement such that the Funding Lender Representative and such Additional Construction Phase Funding Lender(s) from and after the date of acquisition of such portion of the Funding Loan shall fund the Funding

Loan severally, but not jointly, on a pro rata basis in accordance with their respective Applicable Funding Percentage on a draw-down basis;

WHEREAS, to evidence its payment obligations under the Borrower Loan Agreement, the Borrower will execute and deliver to the Governmental Lender its Promissory Note dated the Closing Date (the “Borrower Note”) and the obligations of the Borrower under the Borrower Note will be secured by a lien on and security interest in the Project pursuant to a [Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing] of even date herewith (as amended, restated and/or supplemented from time to time, the “Security Instrument”), made by the Borrower in favor of the Governmental Lender, and assigned to the Funding Lender Representative, to secure the performance by the Governmental Lender of its obligations under the Funding Loan;

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

WHEREAS, the Governmental Lender is entering into this Funding Loan Agreement and the Borrower Loan Agreement solely as a “conduit issuer” and the Funding Loan and the Governmental Lender Note will be limited obligations of the Governmental Lender as described in Section 5.1 hereof; and

WHEREAS, the Fiscal Agent has the power and authority to enter into this Funding Loan Agreement, including corporate trust powers to accept the trusts hereunder and to accept and assume its other responsibilities hereunder as Fiscal Agent as evidenced by its execution of this Funding Loan Agreement.

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

ARTICLE I

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1. Definitions. For all purposes of this Funding Loan Agreement, except as otherwise expressly provided or unless the context otherwise clearly requires:

(a) Unless specifically defined herein, all capitalized terms shall have the meanings ascribed thereto in the Borrower Loan Agreement.

(b) The terms “herein,” “hereof” and “hereunder” and other words of similar import refer to this Funding Loan Agreement as a whole and not to any particular Article, Section or other subdivision. The terms “agree” and “agreements” contained herein are intended to include and mean “covenant” and “covenants.”

(c) All references made (i) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (ii) in the singular or plural number shall be deemed to have been

made, respectively, in the plural or singular number as well. Singular terms shall include the plural as well as the singular, and vice versa.

(d) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with GAAP. All references herein to “GAAP” refer to such principles as they exist at the date of application thereof.

(e) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

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

(g) References to the Governmental Lender Note as “tax exempt” or to the “tax exempt status” of the Governmental Lender Note are to the exclusion of interest on the Governmental Lender Note (other than any portion of the Governmental Lender Note held by a “substantial user” of the Project or a “related person” within the meaning of Section 147 of the Code) from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

(h) The following terms have the meanings set forth below:

“Act” shall have the meaning assigned to such term in the recitals above.

“Additional Borrower Payments” shall have the meaning given such term in the Borrower Loan Agreement.

“Additional Funding Lender” means a Qualified Institutional Buyer acquiring a portion of the Funding Loan following the Closing Date in accordance with the provisions of Section 2.5 hereof.

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

“Applicable Funding Percentage” shall mean, in respect of any Additional Funding Lender, the applicable ownership percentage of the Funding Loan by Additional Funding Lender.

“Approved Transferee” means (1) a Qualified Institutional Buyer that is a financial institution or commercial bank having capital and surplus of \$5,000,000,000 or more, (2) an affiliate of the Funding Lender Representative, (3) a trust or custodial arrangement established by the Funding Lender Representative or one of its affiliates the beneficial interests in which will be owned only by QIBs, or (4) a nonprofit corporation or nonprofit organization, all of whose shareholders or members are QIBs, and which invests in obligations of the same type as the Governmental Lender Note as a principal aspect of its business.

“Assumption and Release Certificate” means that certain certificate in substantially the form set forth as Exhibit G hereto.

“Authorized Amount” shall mean \$[2021D PAR], the maximum principal amount of the Funding Loan under this Funding Loan Agreement.

“Authorized Representative” shall mean (a) when used with respect to the Governmental Lender, the Mayor, the Director of the Mayor’s Office of Housing and Community Development, the Director of

Housing Development and the Deputy Director of the Mayor’s Office of Housing and Community Development of the Governmental Lender and such additional Person or Persons, if any, duly designated by any of the foregoing in writing to act on behalf of the Governmental Lender, as evidenced by a written certificate furnished to the Funding Lender Representative, the Fiscal Agent and the Borrower containing the specimen signature of such person and signed on behalf of the Governmental Lender, which certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of such Authorized Representative; (b) when used with respect to the Borrower the “Authorized Borrower Representative” as defined in the Borrower Loan Agreement (c) when used with respect to the Fiscal Agent, any authorized signatory of the Fiscal Agent, or any Person who is authorized in writing to take the action in question on behalf of the Fiscal Agent, (d) when used with respect to the Servicer, any Person or Persons duly designated by the Servicer in writing to act on its behalf, and (e) when used with respect to the Funding Lender Representative, any Person who is authorized in writing to take the action in question on behalf of the Funding Lender Representative.

“Borrower” shall mean shall have the meaning assigned to such term in the recitals above.

“Borrower Controlling Entity” shall mean any general partner or managing general partner of the Borrower.

“Borrower Equity Account” means the Borrower Equity Account of the Project Fund established under Section 7.3 hereof.

“Borrower Loan” shall mean the mortgage loan made by the Governmental Lender to the Borrower pursuant to the Borrower Loan Agreement in the maximum principal amount of the Borrower Loan Amount, as evidenced by the Borrower Note.

“Borrower Loan Agreement” shall mean the Borrower Loan Agreement, of even date herewith, among the Governmental Lender, the Fiscal Agent and the Borrower, as supplemented, amended or replaced from time to time in accordance with its terms.

“Borrower Loan Agreement Default” shall mean any “Event of Default” as set forth in Section 8.1 of the Borrower Loan Agreement. A Borrower Loan Agreement Default shall “exist” if a Borrower Loan Agreement Default shall have occurred and be continuing beyond any applicable cure period.

“Borrower Loan Amount” shall mean the Authorized Amount, the maximum principal amount of the Borrower Loan under the Borrower Loan Agreement.

“Borrower Loan Documents” shall have the meaning given such term in the Borrower Loan Agreement.

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

“Borrower Note” shall have the meaning given such term in the Borrower Loan Agreement.

“Borrower Required Equity” shall have the meaning given such term in the Borrower Loan Agreement.

“Business Day” shall mean any day other than (i) a Saturday or a Sunday, or (ii) a day on which federally insured depository institutions in New York, New York or the city where the Fiscal Agent is located are authorized or obligated by law, regulation, governmental decree or executive order to be closed.

“Capitalized Interest Account” means the Capitalized Interest Account of the Project Fund established under Section 7.3 hereof.

“Closing Costs Fund” shall mean the fund of that name established under Section 7.3(d) hereof.

“Closing Date” shall mean [Closing Date], the date that initial Funding Loan proceeds are disbursed hereunder.

“Code” shall mean the Internal Revenue Code of 1986.

“Co-Lender Agreement” means [each] Co-Lender Agreement between the Funding Lender Representative and one or more Additional Funding Lenders.

“Completion Deadline” shall have the meaning given such term in the Construction Funding Agreement.

“Construction Funding Agreement” means that certain Construction Funding Agreement of even date herewith, between the Servicer and the Borrower, pursuant to which the Borrower Loan will be advanced by the Funding Lender Representative (or the Servicer on its behalf), as agent of the Governmental Lender, to the Fiscal Agent for disbursement to the Borrower and setting forth certain provisions relating to disbursement of the Borrower Loan during construction, insurance and other matters, as such agreement may be amended, modified, supplemented and replaced from time to time.

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

“Costs of Funding” shall have the meaning given such term in the Borrower Loan Agreement.

“Costs of Funding Deposit” shall have the meaning given such term in the Borrower Loan Agreement.

“Default” shall mean the occurrence of an event, which, under any Funding Loan Document, would, but for the giving of notice or passage of time, or both, be an “Event of Default” as defined in the applicable Funding Loan Document.

“Draw-Down Notice” shall mean a notice described in Section 2.1 hereof regarding the conversion of the Funding Loan from a draw down loan to a fully funded loan.

“Equity Contributions” shall have the meaning given such term in the Borrower Loan Agreement.

“Event of Default” shall have the meaning ascribed thereto in Section 9.1 hereof.

“Expense Fund” shall mean the fund of that name established under Section 7.3(c) hereof.

“Fiscal Agent” shall mean [Fiscal Agent], as fiscal agent hereunder, and any successor fiscal agent or co-fiscal agent appointed under this Funding Loan Agreement.

“Fiscal Agent Fee” shall mean the annual fee of the Fiscal Agent in the amount of \$[_____] annually, payable in annual installments [in advance/arrears] by the Borrower to the Fiscal Agent commencing on the first anniversary of the Closing Date and then on each [_____] thereafter.

“Fitch” shall mean Fitch, Inc.

“Funding Lender Representative” shall mean (a) initially, U.S. Bank National Association, a national banking association, and (b) any successor under this Funding Loan Agreement and the Borrower Loan Documents.

“Funding Loan Agreement” shall mean this Funding Loan Agreement, of even date herewith, by and among the Funding Lender Representative, the Fiscal Agent and the Governmental Lender, as it may from time to time be supplemented, modified or amended by one or more amendments or other instruments supplemental thereto entered into pursuant to the applicable provisions thereof.

“Funding Loan Documents” shall mean this Funding Loan Agreement, the Borrower Loan Documents, the Regulatory Agreement, the Tax Certificate, all other documents evidencing, securing, governing or otherwise pertaining to the Funding Loan, and all amendments, modifications, renewals and substitutions of any of the foregoing.

“Funding Loan Payment Fund” shall mean the fund of that name established under Section 7.3(a) hereof.

“Government Obligations” shall mean noncallable, nonprepayable (i) direct, general obligations of the United States of America, or (ii) any obligations unconditionally guaranteed as to the full and timely payment of all amounts due thereunder by the full faith and credit of the United States of America (including obligations held in book entry form), but specifically excluding any mutual funds or unit investment trusts invested in such obligations.

“Governmental Lender” shall mean the City and County of San Francisco, a municipal corporation organized and existing under the laws of the State, and its successors and assigns.

“Governmental Lender Note” shall mean the Governmental Lender Note described in the recitals of this Funding Loan Agreement.

“Highest Rating Category” shall mean, with respect to a Permitted Investment, that the Permitted Investment is rated by each Rating Agency in the highest rating category given by that Rating Agency for that general category of security. If at any time the Governmental Lender Note is not rated (and, consequently, there is no Rating Agency), then the term “Highest Rating Category” means, with respect to a Permitted Investment, that the Permitted Investment is rated by S&P or Moody’s in the highest rating given by that rating agency for that general category of security. By way of example, the Highest Rating Category for tax exempt municipal debt established by S&P is “A 1+” for debt with a term of one year or less and “AAA” for a term greater than one year, with corresponding ratings by Moody’s of “MIG 1” (for fixed rate) or “VMIG 1” (for variable rate) for three (3) months or less and “Aaa” for greater than three (3) months. If at any time (i) the Governmental Lender Note is not rated, (ii) both S&P and Moody’s rate a Permitted Investment and (iii) one of those ratings is below the Highest Rating Category, then such Permitted Investment will, nevertheless, be deemed to be rated in the Highest Rating Category if the lower rating is no more than one rating category below the highest rating category of that rating agency. For example, a Permitted Investment rated “AAA” by S&P and “Aa3” by Moody’s is rated in the Highest Rating Category. If, however, the lower rating is more than one full rating category below the Highest Rating Category of that Rating Agency, then the Permitted Investment will be deemed to be rated below the Highest Rating Category. For example, a Permitted Investment rated “AAA” by S&P and “A1” by Moody’s is not rated in the Highest Rating Category.

“Funding Lender Representative” shall mean U.S. Bank National Association, a national banking association.

“Maturity Date” shall mean [FINAL MATURITY].

“Maximum Rate” shall mean the lesser of (i) twelve percent (12%) per annum and (ii) the maximum interest rate that may be paid on the Funding Loan under State law.

“Moody’s” shall mean Moody’s Investors Service, Inc., or its successor.

“Note Proceeds Account” means the Note Proceeds Account of the Project Fund established under Section 7.3 hereof.

“Noteowner” or “owner of the Governmental Lender Note” means the owner, or as applicable, collectively the owners, of the Governmental Lender Note as shown on the registration books maintained by the Fiscal Agent pursuant to Section 2.4(d) hereof.

“Ongoing Governmental Lender Fee” shall mean the annual administrative fee of the Governmental Lender due and payable by the Borrower pursuant to Section 18 of the Regulatory Agreement.

“Opinion of Counsel” shall mean a written opinion from an attorney or firm of attorneys, acceptable to the Funding Lender Representative and the Governmental Lender with experience in the matters to be covered in the opinion; provided that whenever an Opinion of Counsel is required to address the exclusion of interest on the Governmental Lender Note from gross income for purposes of federal income taxation, such opinion shall be provided by Tax Counsel.

“Permitted Investments” shall mean, to the extent authorized by law for investment of any moneys held under this Funding Loan Agreement:

- (1) direct and general obligations of the United States of America fully and unconditionally guaranteed as to the timely payment of principal and interest;
- (2) obligations of any agency or instrumentality of the United States of America the timely payment of the principal of and interest on which are fully unconditionally guaranteed by the full faith and credit of the United States of America;
- (3) senior debt obligations of the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association, each a shareholder owned government sponsored enterprise organized and existing under the laws of the United States of America, and its successors and assigns;
- (4) demand deposits or time deposits with, or certificates of deposit (including those placed by a third party pursuant to a separate agreement between the Borrower and the Fiscal Agent (and approved by the Funding Lender Representative)), bank deposit products, trust funds, trust accounts, interest bearing deposits, interest bearing money market accounts, overnight bank deposits or bankers’ acceptances issued by the Fiscal Agent or its affiliates or any bank organized under the laws of the United States of America or any state or the District of Columbia which has combined capital, surplus and undivided profits of not less than \$50,000,000; provided that the Fiscal Agent or such other institution has been rated at least “VMIG-1” / “A-1+” by Moody’s or S&P which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation or collateralized pursuant to the requirements of the Office of the Comptroller of the Currency;

(5) shares or units in any money market mutual fund rated “Aaa”/”AAA” by Moody’s or S&P (or if a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security) (including mutual funds of the Fiscal Agent or its affiliates or for which the Fiscal Agent or an affiliate thereof serves as investment advisor, custodian, transfer agent or provides other services to such mutual fund and receives and retains a fee for providing such services) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of (A) direct obligations of the government of the United States of America, or (B) tax-exempt obligations;

(6)(i) tax-exempt obligations rated in the highest short-term rating category by Moody’s or S&P, or (ii) shares of a tax-exempt municipal money market mutual fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, having assets of at least \$100,000,000, and having a rating of “Aaa”/”AAA” by Moody’s or S&P (or if a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security), for which at least 95% of the income paid to the holders on interest in such money market fund will be excludable from gross income under Section 103 of the Code, including money market funds for which the Fiscal Agent or its affiliates receive a fee for investment advisory, transfer agency, custodial or other services to the fund;

(7) the Pooled Investment Fund of the City and County of San Francisco; or

(8) any other investments approved in writing by the Funding Lender Representative with the written consent of the Governmental Lender.

For purposes of this definition, the “highest rating” shall mean a rating of at least “VMIG-1”/”A-1+” for obligations with less than one year maturity; at least “Aaa”/”VMIG-1”/”AAA”/”A-1+” for obligations with a maturity of one year or greater but less than three years; and at least “Aaa”/”AAA” for obligations with a maturity of three years or greater. Qualified Investments must be limited to instruments that have a predetermined fixed-dollar amount of principal due at maturity that cannot vary or change and interest, if tied to an index, shall be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with such index.

“Person” shall mean any individual, corporation, limited liability company, partnership, joint venture, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

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

“Prepayment Premium” shall mean (i) any premium payable by the Borrower pursuant to the Borrower Loan Documents in connection with a prepayment of the Borrower Note (including any Prepayment Premium as set forth in the Borrower Note) and (ii) any premium payable on the Governmental Lender Note pursuant to this Funding Loan Agreement.

“Potential Default” shall mean the occurrence of an event which, under the Borrower Loan Agreement, would, but for the giving of notice of passage of time, be an Event of Default.

“Project” shall have the meaning given such term in the Borrower Loan Agreement.

“Project Fund” shall mean the fund of that name established under Section 7.3(b) hereof.

“Qualified Institutional Buyer” or “QIB” means a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as in effect on the date hereof.

“Qualified Project Costs” shall mean costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general federal income tax principles and in accordance with Section 1.103-8(a)(1) of the Regulations, provided, however, that only such portion of the interest accrued during rehabilitation or construction of the Project (in the case of rehabilitation, with respect to vacated units only) shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all costs of the acquisition and construction or rehabilitation of the Project; and provided further that interest accruing after the Completion Date shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed or rehabilitated by an Affiliate (whether as general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out of pocket costs incurred by such affiliate in constructing or rehabilitating the Project (or any portion thereof) and (B) any overhead expenses incurred by such affiliate which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an “affiliated group” (within the meaning of Section 1504 of the Code) participating in the rehabilitation or construction of the Project or payments received by such affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of sixty (60) days prior to June 19, 2020, being the date on which the Governmental Lender first declared its “official intent” to reimburse costs paid (in an amount not to exceed \$71,000,000) with respect to the Project (within the meaning of Section 1.150-2 of the Regulations) or the date of execution and delivery of the Funding Loan, and (iv) if the costs of the acquisition and construction or rehabilitation of the Project were previously paid and are to be reimbursed with proceeds of the Funding Loan such costs were (A) “preliminary expenditures” (within the meaning of Section 1.150-2(f)(2) of the Regulations) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of acquisition and construction or rehabilitation of the Project that do not exceed twenty percent (20%) of the issue price of the Funding Loan (as defined in Section 1.148-1 of the Regulations), or (B) were capital expenditures with respect to the Project that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditures is paid); provided, however, that (w) Costs of Funding shall not be deemed to be Qualified Project Costs; (x) fees, charges or profits (including, without limitation, any Developer Fee) payable to the Borrower or a “related person” (within the meaning of Section 144(a)(3) of the Code) shall not be deemed to be Qualified Project Costs; (y) letter of credit fees and municipal bond insurance premiums which represent a transfer of credit risk shall be allocated between Qualified Project Costs and other costs and expenses to be paid from the proceeds of the Funding Loan; and (z) letter of credit fees and municipal bond

insurance premiums which do not represent a transfer of credit risk (including, without limitation, letter of credit fees payable to a “related person” to the Borrower) shall not constitute Qualified Project Costs.

“Rebate Amount” shall mean, for any given period, the amount determined by the Rebate Analyst as required to be rebated or paid as a yield reduction payment to the United States of America with respect to the Funding Loan.

“Rebate Analyst” shall mean a certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code, selected and retained by the Borrower at the expense of the Borrower, with the prior written consent of the Governmental Lender, to make the rebate computations required under this Funding Loan Agreement and the Borrower Loan Agreement.

“Rebate Fund” shall mean the fund of that name established under Section 7.3(e) hereof.

“Regulations” shall mean with respect to the Code, the relevant U.S. Treasury regulations and proposed regulations thereunder or any relevant successor provision to such regulations and proposed regulations.

“Regulatory Agreement” shall mean that certain Regulatory Agreement and Declaration of Restrictive Covenants, dated as of the date hereof, between the Governmental Lender and the Borrower, as hereafter amended or modified.

“Required Transferee Representations Letter” shall mean the representations in substantially the form attached to this Funding Loan Agreement as **Exhibit B-1** and **B-2**.

“Resolution” shall mean the resolution of the Governmental Lender, adopted by the Board of Supervisors of the Governmental Lender on [_____, 2021] and approved by the Mayor on [_____, 2021], authorizing the Funding Loan and the execution and delivery of the Funding Loan Documents to which the Governmental Lender is a party.

“Responsible Officer” shall mean any officer within the corporate services department (or any successor group) of the Fiscal Agent, including any managing director, director, vice president, assistant vice president, assistant secretary, senior associate, associate or any other officer or assistant officer of the Fiscal Agent within the Fiscal Agent’s office described in Section 12.1 hereof or a successor corporate trust office (the “Corporate Trust Office”) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the Corporate Trust Office because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Funding Loan Agreement.

“Second Highest Rating Category” shall mean, with respect to a Permitted Investment, that the Permitted Investment is rated by each Rating Agency in the second highest rating category given by that Rating Agency for that general category of security. If at any time the Governmental Lender Note is not rated (and, consequently, there is no Rating Agency), then the term “Second Highest Rating Category” means, with respect to a Permitted Investment, that the Permitted Investment is rated by S&P or Moody’s in the second highest rating category given by that rating agency for that general category of security. By way of example, the Second Highest Rating Category for tax exempt municipal debt established by S&P is “AA” for a term greater than one (1) year, with corresponding ratings by Moody’s of “Aa.” If at any time (i) the Governmental Lender Note is not rated, (ii) both S&P and Moody’s rate a Permitted Investment and (iii) one of those ratings is below the Second Highest Rating Category, then such Permitted Investment will

not be deemed to be rated in the Second Highest Rating Category. For example, an Investment rated “AA” by S&P and “A” by Moody’s is not rated in the Second Highest Rating Category.

“Securities Act” shall mean the Securities Act of 1933, as amended.

“Security” shall mean the security for the performance by the Governmental Lender of its obligations under the Governmental Lender Note and this Funding Loan Agreement as more fully set forth in Article IV hereof.

“Security Instrument” shall mean shall have the meaning assigned to such term in the recitals above.

“Servicer” shall mean any Servicer appointed by the Funding Lender Representative to perform certain servicing functions with respect to the Funding Loan and on the Borrower Loan pursuant to a separate servicing agreement to be entered into between the Funding Lender Representative and the Servicer. Initially the Servicer shall be the Funding Lender Representative pursuant to this Funding Loan Agreement.

“Servicing Agreement” shall mean any servicing agreement entered into between the Funding Lender Representative and the Servicer with respect to the servicing of the Funding Loan and/or the Borrower Loan.

“Standard & Poor’s” or “S&P” shall mean S&P Global Ratings, a business unit of Standard & Poor’s Rating Services, or its successors.

“State” shall mean the State of California.

“Tax Certificate” shall mean the Tax Certificate and Agreement dated the Closing Date executed by the Governmental Lender and the Borrower.

“Tax Counsel” shall mean (a) on the Closing Date, the law firm or law firms delivering the approving opinion(s) with respect to the Governmental Lender Note, or (b) any other firm of attorneys selected by the Governmental Lender that is experienced in matters relating to the issuance of obligations by states and their political subdivisions that is listed as a municipal bond attorney in The Bond Buyer’s Municipal Marketplace.

“Tax Counsel Approving Opinion” shall mean an opinion of Tax Counsel substantially to the effect that the Governmental Lender Note constitutes a valid and binding special limited obligation of the Governmental Lender and that, under existing laws, regulations, rulings and court decisions, the interest on the Governmental Lender Note is excluded from gross income for federal income tax purposes (subject to customary limitations and exceptions).

“Tax Counsel No Adverse Effect Opinion” shall mean an opinion of Tax Counsel substantially to the effect that the taking of the action specified therein will not, in and of itself, adversely affect any exclusion of interest on the Governmental Lender Note from gross income for purposes of federal income taxation (subject to customary limitations and exceptions).

“UCC” shall mean the Uniform Commercial Code as in effect in the State.

“Unassigned Rights” shall mean all of the rights of the Governmental Lender and its directors, officers, commissioners, elected officials, attorneys, accountants, employees, agents and consultants under the Funding Loan Documents and the Borrower Loan Documents: (a) (i) to be held harmless and

indemnified, (ii) to be paid its fees and expenses and the rebatable arbitrage pursuant to Section 8.7 hereof, (iii) to give or withhold consent to amendments, changes, modifications and alterations, (iv) to have access to the Project and Project records, and (v) to receive notices; (b) the Governmental Lender's rights under the Regulatory Agreement, including but not limited to, rights to indemnification thereunder and reimbursement and payment of its fees, costs and expenses; and (c) the right to enforce all of the foregoing, subject to Section 7.2.10 of the Borrower Loan Agreement.

“Written Certificate,” “Written Certification,” “Written Consent,” “Written Direction,” “Written Notice,” “Written Order,” “Written Registration,” “Written Request,” and “Written Requisition” shall mean a written certificate, direction, notice, order, request or requisition signed by an Authorized Representative and delivered to the Funding Lender Representative, the Servicer, the Fiscal Agent, the Governmental Lender or such other Person as required under the Funding Loan Documents.

Section 1.2. Effect of Headings and Table of Contents. The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.3. Date of Funding Loan Agreement. The date of this Funding Loan Agreement is intended as and for a date for the convenient identification of this Funding Loan Agreement and is not intended to indicate that this Funding Loan Agreement was executed and delivered or effective on said date.

Section 1.4. Designation of Time for Performance. Except as otherwise expressly provided herein, any reference in this Funding Loan Agreement to the time of day shall mean the time of day in the city where the Funding Lender Representative maintains its place of business for the performance of its obligations under this Funding Loan Agreement.

Section 1.5. Interpretation. The parties hereto acknowledge that each of them and their respective counsel have participated in the drafting and revision of this Funding Loan Agreement. Accordingly, the parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Funding Loan Agreement or any amendment or supplement or exhibit hereto.

ARTICLE II

TERMS; GOVERNMENTAL LENDER NOTE

Section 2.1. Terms.

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

(b) Draw-Down Funding. The Funding Loan is originated on a draw-down basis. The proceeds of the Funding Loan shall be advanced by the Funding Lender Representative directly to the Fiscal Agent for the account of the Governmental Lender for disbursement to the Borrower as and when needed to make each advance in accordance with the disbursement provisions of the Borrower Loan Agreement and the Construction Funding Agreement. Upon each advance of principal under the Borrower Loan Agreement and the Construction Funding Agreement, a like amount of the Funding Loan shall be deemed concurrently and simultaneously advanced under this Funding Loan Agreement, including the initial advance of [MINIMUM \$55,000.00]. Subject to the terms and conditions of the Borrower Loan Agreement, the Funding Lender Representative agrees to advance, on behalf of the Governmental Lender, to the Fiscal Agent for disbursement to the Borrower under the Borrower Loan Agreement [MINIMUM \$55,000.00] on the Closing Date, and the Funding Lender Representative agrees to correspondingly and

simultaneously advance for the account of the Governmental Lender under this Funding Loan Agreement an equal amount as an advance on the Funding Loan. Notwithstanding anything in this Funding Loan Agreement to the contrary, no additional amounts of the Funding Loan may be drawn down and funded hereunder after December 31, 2024; provided, however, that upon the delivery of a Tax Counsel No Adverse Effect Opinion to the Governmental Lender and the Funding Lender Representative such date may be changed to a later date as specified in such Tax Counsel No Adverse Effect Opinion.

(c) Early Draw-Down Event. Notwithstanding any provision herein to the contrary, in the event that the Funding Lender Representative or the Borrower (each an “Interested Party”) determines in good faith that legislative, judicial or other developments have occurred or other circumstances have emerged which could result in interest on installments of the Funding Loan which have not been drawn to date (the “Remaining Authorized Amount”), not being tax-exempt, or otherwise determines that it is in its best interest to convert the Funding Loan into a fully funded obligation of the Governmental Lender in order to assure that interest on the Governmental Lender Note will remain tax-exempt, and, in the case of such determination by the Borrower, such action will resolve the uncertainty with respect to the tax-exempt status of the Governmental Lender Note and will not jeopardize receipt of previously committed unfunded debt or Equity Contributions for the Project, then such Interested Party may provide a Written Direction (a “Draw-Down Notice”) to the other Interested Party and the Fiscal Agent as provided herein to cause the Remaining Authorized Amount of the Funding Loan to be funded. The Draw-Down Notice, if given, shall take effect on the fifth (5th) Business Day following the date (or such greater number of Business Days to which the Borrower and the Funding Lender Representative may agree in writing, with Written Notice to the Fiscal Agent) on which either the Borrower or the Funding Lender Representative sends Written Notice to the other Interested Party referencing the Draw-Down Notice and containing substantially the following words: “The [Borrower/Funding Lender Representative] elects to [draw/fund] the Remaining Authorized Amount of the Funding Loan (\$_____) effective _____ (the “Draw-Down Date”).” The Draw-Down Notice will be delivered in the manner provided for notices hereunder and the Borrower Loan Agreement.

Promptly after receipt of a Draw-Down Notice, the Funding Lender Representative shall advance proceeds of the Funding Loan in the Remaining Authorized Amount (the “Remaining Funding Loan Proceeds”) into the Note Proceeds Account of the Project Fund to be held for disbursements to the Borrower pursuant to the Funding Loan Documents. The advance of the Remaining Funding Loan Proceeds shall be treated as an advance of the full remaining principal under this Funding Loan Agreement, and a like amount of the Borrower Loan shall be deemed concurrently and simultaneously advanced under the Borrower Loan Agreement and the Governmental Lender Note shall be deemed to have been executed and delivered in the full Authorized Amount against payment by the Funding Lender Representative (taking into account amounts of the Funding Loan previously funded) of the purchase price equal to the Remaining Authorized Amount.

If not otherwise accounted for in the Funding Loan Documents as confirmed in writing by the Funding Lender Representative, the Borrower agrees to pay to the Fiscal Agent on the Draw-Down Date for deposit into the Capitalized Interest Account of the Project Fund, an amount of funds to be agreed upon by the Funding Lender Representative and the Borrower prior to the Draw-Down Date to cover the expected interest due on the Funding Loan as a result of the Draw-Down Notice for the period between the Draw-Down Date and the date of each expected draw in accordance with the then-approved draw schedule under the Funding Loan Documents (the “Additional Interest Deposit”). The Borrower agrees to pay to the Fiscal Agent to be held hereunder, any amounts necessary to enable the Governmental Lender to pay when due, all amounts due with respect to the Funding Loan, to the extent payments made or required to be made under the Borrower Loan Agreement and the Borrower Note are insufficient for such purpose.

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

(e) Principal. The outstanding principal amount of the Governmental Lender Note and of the Funding Loan as of any given date shall be the total amount advanced by the Funding Lender Representative to or for the account of the Governmental Lender to fund corresponding advances under the Borrower Loan Agreement and the Construction Funding Agreement as proceeds of the Borrower Loan, less any payments of principal of the Governmental Lender Note previously received upon payment of corresponding principal amounts under the Borrower Note, including regularly scheduled principal payments and voluntary and mandatory prepayments. The principal amount of the Governmental Lender Note and interest thereon shall be payable on the basis specified in this paragraph (e) and in paragraphs (f) and (g) of this Section 2.1.

The Fiscal Agent shall keep a record of all principal advances and principal repayments made under the Governmental Lender Note and shall, upon Written Request, provide the Governmental Lender and the Funding Lender Representative with a statement of the outstanding principal balance of the Governmental Lender Note and the Funding Loan.

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

(g) Corresponding Payments. The payment or prepayment of principal, interest and premium, if any, due on the Funding Loan and the Governmental Lender Note shall be identical with and shall be made on the same dates, terms and conditions, as the principal, interest, premiums, late payment fees and other amounts due on the Borrower Note. Any payment or prepayment made by the Borrower of principal, interest, premium, if any, due on the Borrower Note shall be deemed to be like payments or prepayments of principal, interest and premium, if any, due on the Funding Loan and the Governmental Lender Note. The Funding Lender Representative agrees to provide copies of the final Borrower Note and any amendments thereto, as well as the Debt Service Schedule (as defined in Section 2.4(b) of the Borrower Loan Agreement) to the Fiscal Agent on the Closing Date, if applicable, or on the date an amendment to the Borrower Note or Debt Service Schedule is executed or finalized, as applicable.

(h) Usury. The Governmental Lender intends to conform strictly to the usury laws applicable to this Funding Loan Agreement and the Governmental Lender Note and all agreements made in the Governmental Lender Note, this Funding Loan Agreement and the Funding Loan Documents are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid as interest or the amounts paid for the use of money advanced or to be advanced hereunder exceed the highest lawful rate prescribed under any law which a court of competent jurisdiction may deem applicable hereto. If, from any circumstances whatsoever, the fulfillment of any provision of the Governmental Lender Note, this Funding Loan Agreement or the other Funding Loan Documents shall involve the payment of interest in excess of the limit prescribed by any law which a court of competent jurisdiction may deem applicable hereto, then the obligation to pay interest hereunder shall be reduced to the maximum limit prescribed by law. If from any circumstances whatsoever, the Funding Lender Representative shall ever receive anything of value deemed interest, the amount of which would exceed the highest lawful rate, such amount as would be excessive interest shall be deemed to have been applied, as of the date of receipt by the Funding Lender Representative, to the reduction of the principal remaining unpaid hereunder and not to the payment of interest, or if such excessive interest exceeds the unpaid principal balance, such excess shall be refunded to the Borrower. This paragraph shall control every other provision of the Governmental Lender Note, this Funding Loan Agreement and all other Funding Loan Documents.

In determining whether the amount of interest charged and paid might otherwise exceed the limit prescribed by law, the Governmental Lender intends and agrees that (i) interest shall be computed upon the assumption that payments under the Borrower Loan Agreement and other Funding Loan Documents will be paid according to the agreed terms, and (ii) any sums of money that are taken into account in the calculation of interest, even though paid at one time, shall be spread over the actual term of the Funding Loan.

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

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

The Governmental Lender Note shall not be valid or obligatory for any purpose or entitled to any security or benefit under this Funding Loan Agreement unless a certificate of authentication on the Governmental Lender Note, substantially in the form set forth in **Exhibit A**, shall have been duly executed by an Authorized Representative of the Fiscal Agent; and such executed certificate of authentication upon the Governmental Lender Note shall be conclusive evidence that the Governmental Lender Note has been duly executed, registered, authenticated and delivered under this Funding Loan Agreement.

Section 2.4. Required Transferee Representations; Participations; Sale and Assignment.

(a) The Governmental Lender Note shall be fully registered as to principal and interest in the manner and with any additional designation as the Fiscal Agent deems necessary for the purpose of identifying the registered owner thereof. The Governmental Lender Note shall be transferable only on the registration books of the Fiscal Agent. The Fiscal Agent shall maintain books or other records showing the name and date of registration, address and employer identification number of the registered owner of the Governmental Lender Note, and any transfers of the Governmental Lender Note, as provided herein, which books shall be maintained by the Fiscal Agent and which shall be open to inspection by the Governmental Lender. The Governmental Lender Note shall initially be registered to the Funding Lender Representative.

(b) Except as provided in Section 2.5 hereof, the Funding Lender Representative may not sell or assign the Funding Loan and the Governmental Lender Note, except in whole to a transferee who agrees to become the "Funding Lender Representative" under the Funding Loan Documents and assume all of the obligations and perform all of the duties of the Funding Lender Representative thereunder, but the Funding Lender Representative shall have the right to sell participation interests in the Funding Loan or to grant a participation interest in the Funding Loan in a percentage of not less than twenty percent (20%) of the outstanding principal amount of the Funding Loan; provided that no participant shall hold more than fifty percent (50%) of the outstanding principal amount of the Funding Loan; and provided further that the Funding Loan may be transferred, or any participation interest therein granted, only to an Approved Transferee that delivers a letter to the Governmental Lender and the Fiscal Agent substantially in the form attached hereto as **Exhibit B-1** setting forth certain representations with respect to such Approved

Transferee (the “Required Transferee Representations Letter”). Notwithstanding the preceding sentence, no Required Transferee Representations shall be required for the Funding Lender Representative to, as certified in writing by the Funding Lender Representative (i) transfer the Funding Loan to any affiliate or other party related to the Funding Lender Representative that is an Approved Transferee or (ii) sell or transfer the Funding Loan to a special purpose entity, a trust or a custodial or similar pooling arrangement from which the Funding Loan or securitized interests therein are not expected to be sold or transferred except to (x) owners or beneficial owners thereof that are Approved Transferees who deliver to the Funding Lender Representative, with a copy to the Governmental Lender, a Required Transferee Representations Letter. In connection with any sale, assignment or transfer of the Funding Loan, the Funding Lender Representative shall give notice of such sale, assignment or transfer to the Fiscal Agent and the Fiscal Agent shall record such sale, assignment or transfer on its books or other records maintained for the registration of transfer of the Governmental Lender Note.

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

(d) The Funding Lender Representative shall indemnify and defend the Governmental Lender and the Fiscal Agent against any claim brought by any transferor or transferee of the Governmental Lender Note in respect of the Funding Loan Documents or the Borrower Loan Documents in the event that the Funding Lender Representative permits a transfer of the Governmental Lender Note in violation of the restrictions in Sections 2.4(b) and (c) above.

Section 2.5. Purchase, Transfer and Exchange of Governmental Lender Note. Up to [_____] percent ([_____]%) of the Funding Loan may be purchased by and transferred to an Additional Funding Lender and, at the sole cost and expense of the Funding Lender Representative, the initial Governmental Lender Note may be exchanged for (i) a Replacement Governmental Lender Note representing the permitted portion of the Funding Loan purchased by and transferred to an Additional Funding Lender, together with (ii) an exchanged Governmental Lender Note representing the balance of the Funding Loan thereafter owned by the Funding Lender Representative. Such purchase, transfer and exchange shall occur upon satisfaction of the following conditions:

(a) Delivery by the Funding Lender Representative no less than fifteen (15) days and no more than thirty (30) days prior to the date of purchase, transfer and exchange (or such lesser notice period acceptable to the Fiscal Agent and the Governmental Lender) of a notice to the Fiscal Agent, the Governmental Lender and the Borrower including: (i) the name of the Additional Funding Lender, (ii) the proposed date of the purchase, transfer and exchange, (iii) the Applicable Funding Percentage, and (iv) the purchase price of the principal portion of the Funding Loan by the Additional Funding Lender, representing the par amount of such Applicable Funding Percentage of the Funding Loan advanced by the Funding Lender Representative prior to the date of purchase, plus interest accrued on such portion to the date of purchase, unless the Funding Lender Representative confirms in writing that it will be solely responsible for prorating the accrued and unpaid interest as between each Funding Lender Representative.

(b) Receipt by the Fiscal Agent and the Governmental Lender of an executed Assumption and Release Certificate, dated as of the date of such transfer, purchase and exchange, executed by the Funding Lender Representative and the Additional Funding Lender in the form attached to as Exhibit G, including a certification therein that the Additional Funding Lender is unrelated to the Investor Limited Partner and a copy of the executed Co-Lender Agreement attached thereto.

(c) Receipt by the Fiscal Agent of a Required Transferee Representations Letter executed by the Additional Funding Lender, confirming it is a Qualified Institutional Buyer.

(d) Receipt by the Funding Lender Representative, the Governmental Lender and the Fiscal Agent of a Tax Counsel No Adverse Effect Opinion, dated the date of such purchase, transfer and exchange, substantially to the effect that the purchase of a portion of the Funding Loan by the Additional Funding Lender will not, in and of itself, adversely affect the exclusion of interest on the Governmental Lender Note from gross income for federal income tax purposes.

(e) Receipt by the Funding Lender Representative on the date of such transfer, purchase and exchange of the purchase price of the portion of Governmental Lender Note acquired by the Additional Funding Lender (as provided in Section 2.5(a)(iv) above).

(f) Receipt of such other documents, certificates, approvals, assurances and opinions as the Governmental Lender or its counsel may reasonably request.

(g) Upon satisfaction of the conditions of this Section 2.5, the Funding Lender Representative shall surrender the initial Governmental Lender Note to the Fiscal Agent and the Fiscal Agent shall prepare the Replacement Governmental Lender Note and a replacement initial Governmental Lender Note (with Schedule 1 attached to such replacement initial Governmental Lender Note), registered in the name of the Additional Funding Lender and the Funding Lender Representative, respectively, representing the permitted portion of the Funding Loan purchased by and/or transferred to the Additional Funding Lender and the balance thereof owned by the Funding Lender Representative.

ARTICLE III

PREPAYMENT

Section 3.1. Prepayment of the Governmental Lender Note from Prepayment under the Borrower Note. The Governmental Lender Note is subject to voluntary and mandatory prepayment as follows:

(a) The Governmental Lender Note shall be subject to voluntary prepayment in full or in part by the Governmental Lender, from funds of the Governmental Lender received by the Governmental Lender or the Fiscal Agent, as provided in the Borrower Loan Agreement, to the extent and in the manner and on any date that the Borrower Note is subject to voluntary prepayment as set forth therein, at a prepayment price equal to the principal balance of the Borrower Note to be prepaid, plus interest thereon to the date of prepayment and the amount of any Prepayment Premium payable under the Borrower Note, plus any Additional Borrower Payments due and payable under the Borrower Loan Agreement through the date of prepayment.

The Borrower shall not have the right to voluntarily prepay all or any portion of the Borrower Note, thereby causing the Governmental Lender Note to be prepaid, except as specifically permitted in the Borrower Note, without the prior Written Consent of the Funding Lender Representative, which may be withheld in the Funding Lender Representative's sole and absolute discretion.

(b) The Governmental Lender Note shall be subject to mandatory prepayment in whole or in part upon prepayment of the Borrower Note at the direction of the Funding Lender Representative in accordance with the terms of the Borrower Note at a prepayment price equal to the outstanding principal

balance of the Borrower Note prepaid, plus accrued interest plus any other amounts payable under the Borrower Note or the Borrower Loan Agreement.

Section 3.2. Notice of Prepayment. Notice of prepayment of the Governmental Lender Note shall be deemed given to the extent that notice of prepayment of the Borrower Note is timely and properly given to the Funding Lender Representative and the Fiscal Agent in accordance with the terms of the Borrower Note and the Borrower Loan Agreement, and no separate notice of prepayment of the Governmental Lender Note is required to be given.

Section 3.3. Recycling Transactions. Notwithstanding any provision of this Funding Loan Agreement or the Governmental Lender Note(s) to the contrary, the Governmental Lender shall be permitted to direct Borrower Note prepayments to be transferred to a custodian or trustee selected by the Governmental Lender, in lieu of application to prepay a like portion of the Governmental Lender Note(s), so long as the Governmental Lender simultaneously causes other funds to be applied to prepay such portion of the Governmental Lender Note(s). The preceding provisions shall apply only for purposes of preserving or “recycling” private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

In connection with such recycling and Borrower Tax-Exempt Note prepayment, if so directed in a Written Direction of the Governmental Lender provided to the Fiscal Agent prior to any prepayment date, the Fiscal Agent is hereby authorized and directed to receive any such Borrower Tax-Exempt Note prepayment or amounts corresponding thereto and to hold such amounts, uninvested, for such period of time and to transfer such amounts to the Funding Lender Representative, or to such custodian, fiscal agent or trustee designed by the Governmental Lender and specified in such Written Direction. For purposes of effectuating the foregoing, the Fiscal Agent is hereby authorized and directed to open and create such funds or accounts, which may be temporary in nature, as may be necessary or desirable, and to close such funds or accounts following the completion of the transfers set forth in such Written Direction.

ARTICLE IV

SECURITY

Section 4.1. Security for the Funding Loan. To secure the payment of the Funding Loan and the Governmental Lender Note, to declare the terms and conditions on which the Funding Loan and the Governmental Lender Note are secured, and in consideration of the premises and of the funding of the Funding Loan by the Funding Lender Representative, the Governmental Lender by these presents does grant, bargain, sell, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm to the Funding Lender Representative (except as limited herein), a lien on and security interest in the following described property (excepting, however, in each case, the Unassigned Rights) (said property, rights and privileges being herein collectively called, the “Security”):

(a) All right, title and interest of the Governmental Lender in, to and under the Borrower Loan, the Borrower Loan Agreement, the Borrower Note and the other Borrower Loan Documents, including, without limitation, all rents, revenues and receipts derived by the Governmental Lender from the Borrower relating to the Project and including, without limitation, all Pledged Revenues, the Borrower Loan Payments and Additional Borrower Payments derived by the Governmental Lender under and pursuant to, and subject to the provisions of, the Borrower Loan Agreement;

(b) All right, title and interest of the Governmental Lender in, to and under, together with all rights, remedies, privileges and options pertaining to, the Funding Loan Documents, and all other payments,

revenues and receipts derived by the Governmental Lender under and pursuant to, and subject to the provisions of, the Funding Loan Documents;

(c) Any and all moneys and investments from time to time on deposit in, or forming a part of, all funds and accounts created and held by the Fiscal Agent under this Funding Loan Agreement (other than the Rebate Fund), subject to the provisions of this Funding Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein; and

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

The Fiscal Agent and the Funding Lender Representative are hereby authorized to receive any and all such property as and for additional security for the Funding Loan and the Governmental Lender Note and to hold and apply all such property subject to the terms hereof.

The pledge and assignment of and the security interest granted in the Security pursuant to this Section 4.1 for the payment of the principal of, premium, if any, and interest on the Governmental Lender Note, in accordance with its terms and provisions, and for the payment of all other amounts due hereunder, shall attach and be valid and binding from and after the time of the delivery of the Governmental Lender Note by the Governmental Lender. The Security so pledged and then or thereafter received by the Fiscal Agent or the Funding Lender Representative shall immediately be subject to the lien of such pledge and security interest without any physical delivery or recording thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Governmental Lender irrespective of whether such parties have notice thereof.

Section 4.2. Delivery of Security. To provide security for the payment of the Funding Loan and the Governmental Lender Note, the Governmental Lender has pledged and assigned its right, title and interest in the Security to the Funding Lender Representative. In connection with such pledge, assignment, transfer and conveyance, the Governmental Lender shall deliver to the Funding Lender Representative the following documents or instruments promptly following their execution:

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

(b) The originally executed Borrower Loan Agreement; and

(c) An assignment for security of the Security Instrument from the Governmental Lender to the Funding Lender Representative, in recordable form.

The Governmental Lender shall deliver and deposit with the Funding Lender Representative such additional documents, financing statements, and instruments as the Funding Lender Representative may reasonably require from time to time for the better perfecting and assuring to the Funding Lender Representative of its lien and security interest in and to the Security, at the expense of the Borrower.

ARTICLE V

LIMITED LIABILITY

Section 5.1. Source of Payment of Funding Loan and Other Obligations. The Funding Loan is a limited obligation of the Governmental Lender, payable solely from the Pledged Revenues and other funds and moneys and the Security pledged and assigned hereunder. None of the State, or any political subdivision thereof (except the Governmental Lender, to the limited extent set forth herein) nor any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on the Funding Loan or for the performance of any pledge, obligation or agreement of any kind whatsoever with respect thereto except as set forth herein, and none of the Funding Loan or the Governmental Lender Note or any of the Governmental Lender's agreements or obligations with respect to the Funding Loan, the Governmental Lender Note, or hereunder, shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever. The making of the Funding Loan and the execution and delivery of the Governmental Lender Note shall not directly, indirectly, or contingently obligate the City, the State of California or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

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

ARTICLE VI

CLOSING CONDITIONS; APPLICATION OF FUNDS

Section 6.1. Conditions Precedent to Closing. Closing of the Funding Loan on the Closing Date shall be conditioned upon satisfaction or waiver by the Funding Lender Representative and the Governmental Lender in their sole discretion of each of the conditions precedent to closing set forth in this Funding Loan Agreement, including but not limited to the following:

- (a) Receipt by the Funding Lender Representative of the original Governmental Lender Note;
- (b) Receipt by the Funding Lender Representative of the original executed Borrower Note, endorsed to the Funding Lender Representative by the Governmental Lender;
- (c) Receipt by the Funding Lender Representative and the Governmental Lender of executed counterparts of the Funding Loan Documents including this Funding Loan Agreement, the Borrower Loan Agreement, the Construction Funding Agreement, the Regulatory Agreement, the Tax Certificate and the Security Instrument;
- (d) Receipt by the Funding Lender Representative of a certified copy of the Resolution;

(e) Receipt by the Governmental Lender of an executed Required Transferee Representations from the Funding Lender Representative;

(f) Delivery into escrow or to the Fiscal Agent, as appropriate, of all amounts required to be paid in connection with the origination of the Borrower Loan and the Funding Loan and any underlying real estate transfers or transactions, including the Costs of Funding Deposit, in accordance with Section 2.3(c)(ii) of the Borrower Loan Agreement;

(g) Receipt by the Funding Lender Representative and the Governmental Lender of a Tax Counsel Approving Opinion addressed to the Governmental Lender;

(h) Receipt by the Funding Lender Representative of an Opinion of Counsel from Tax Counsel substantially to the effect that the Governmental Lender Note is not subject to the registration requirements of the Securities Act of 1933, as amended, and this Funding Loan Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(i) delivery of an opinion of counsel to the Borrower addressed to the Governmental Lender and the Funding Lender Representative to the effect that the Funding Loan Documents to which the Borrower is a party are valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms, subject to such exceptions and qualifications as are acceptable to the Governmental Lender and the Funding Lender Representative; and

(j) Receipt by the Funding Lender Representative or the Governmental Lender of any other documents or opinions that the Funding Lender Representative or the Governmental Lender may require.

ARTICLE VII

FUNDS AND ACCOUNTS

Section 7.1. Authorization to Create Funds and Accounts. Only such funds or accounts as provided in Section 7.3 shall be established in connection with the Funding Loan at the time of closing and origination of the Funding Loan. The Funding Lender Representative, the Fiscal Agent (as directed by the Funding Lender Representative) and the Servicer, if any, are authorized to establish and create from time to time such other funds and accounts or subaccounts as may be necessary for the deposit of moneys (including, without limitation, insurance proceeds and/or condemnation awards), if any, received by the Governmental Lender, the Funding Lender Representative, the Fiscal Agent or the Servicer pursuant to the terms hereof or any of the other Funding Loan Documents and not immediately transferred or disbursed pursuant to the terms of the Funding Loan Documents.

Section 7.2. Reserved.

Section 7.3. Establishment of Funds. There are established with the Fiscal Agent the following funds and accounts:

(a) The Funding Loan Payment Fund;

(b) The Project Fund, and within the Project Fund (i) the Note Proceeds Account, (ii) the Capitalized Interest Account and (iii) the Borrower Equity Account;

(c) The Expense Fund;

- (d) The Closing Costs Fund; and
- (e) The Rebate Fund.

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

Section 7.4. Funding Loan Payment Fund. The Governmental Lender and the Borrower shall have no interest in the Funding Loan Payment Fund or the moneys therein, which shall always be maintained by the Fiscal Agent completely separate and segregated from all other moneys held hereunder and from any other moneys of the Governmental Lender and the Borrower.

The Fiscal Agent shall deposit into the Funding Loan Payment Fund any amounts received from the Borrower as payments of principal of, premium, if any, or interest on the Borrower Loan and any other amounts received by the Fiscal Agent that are subject to the lien and pledge of this Funding Loan Agreement, including any Pledged Revenues not required to be deposited to the Expense Fund or not otherwise specifically directed in writing to be deposited into other funds created by this Funding Loan Agreement.

The Fiscal Agent shall apply all amounts on deposit in the Funding Loan Payment Fund in the following order of priority:

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

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

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

Section 7.5. Expense Fund. The Fiscal Agent shall deposit in the Expense Fund the amounts required by the Regulatory Agreement or the Borrower Loan Agreement to be paid by the Borrower to the Governmental Lender or the Fiscal Agent. Amounts on deposit in the Expense Fund shall be used to pay the fees and expenses of the Governmental Lender, the Rebate Analyst and the Fiscal Agent, as and when the same become due. Moneys in the Expense Fund shall be withdrawn or maintained, as appropriate, by the Fiscal Agent to pay (i) the Ongoing Governmental Lender Fee, (ii) the Fiscal Agent Fee when due and (iii) the Rebate Analyst fee when due.

In the event that the amounts on deposit in the Expense Fund are not equal to the amounts payable from the Expense Fund as provided in the preceding paragraph on any date on which such amounts are due and payable, the Fiscal Agent shall give notice to the Borrower of such deficiency and of the amount of such deficiency and request payment within two (2) Business Days to the Fiscal Agent of the amount of such deficiency.

Written Notice of any deficiency, which results in the Governmental Lender not receiving the Ongoing Governmental Lender Fee on the applicable due date, shall be provided by the Fiscal Agent to the

Governmental Lender (with a copy to the Borrower and the Funding Lender Representative) within ten (10) days of the respective due date.

Upon payment by the Borrower of such deficiency, the amounts for which such deficiency was requested shall be paid by the Fiscal Agent.

Notwithstanding anything herein to the contrary, the Fiscal Agent, on behalf of the Governmental Lender, shall prepare and submit an invoice to the Borrower for payment of the Ongoing Governmental Lender Fee not later than thirty (30) days prior to the due date for payment of the Ongoing Governmental Lender Fee, and shall remit moneys received by the Borrower to the Governmental Lender for payment of such fee.

No amount shall be charged against the Expense Fund except as expressly provided in this Article VII hereof.

Section 7.6. Closing Costs Fund. On the Closing Date, the Borrower shall deposit or cause to be deposited with the Fiscal Agent, for deposit in the Closing Costs Fund, the amount set forth in **Exhibit E** hereto, if any. Amounts in the Closing Costs Fund shall be disbursed by the Fiscal Agent to pay Costs of Funding on the Closing Date or as soon as practicable thereafter as set forth in a closing memorandum prepared by the Funding Lender Representative and approved by the Governmental Lender. Any interest earnings on amounts on deposit in the Closing Costs Fund shall remain in the Closing Costs Fund. Any moneys remaining in the Closing Costs Fund (including investment proceeds) after the earlier of (i) the payment of all costs of issuance as certified in writing to the Fiscal Agent by the Borrower or (ii) a period of not more than 180 days after the Closing Date, shall be transferred to the Borrower Equity Account of the Project Fund (such amounts having been funded with moneys other than proceeds of the Funding Loan) and the Closing Costs Fund shall be closed.

Section 7.7. Project Fund.

(a) Proceeds of the Funding Loan provided by the Funding Lender Representative shall be deposited to the Note Proceeds Account and the Capitalized Interest Account of the Project Fund on the Closing Date as set forth in **Exhibit E** and otherwise as directed in writing by the Funding Lender Representative. Borrower Required Equity shall be deposited to the Borrower Equity Account and the Capitalized Interest Account of the Project Fund on the Closing Date as set forth in **Exhibit E** and otherwise as directed in writing by the Funding Lender Representative. The Fiscal Agent shall disburse moneys in the Note Proceeds Account, the Capitalized Interest Account and the Borrower Equity Account of the Project Fund for the acquisition, construction and equipping of the Project, to pay other Qualified Project Costs and to pay other costs related to the Project as provided herein.

Except as otherwise provided in this Section, payments shall only be made from the Project Fund upon delivery to the Fiscal Agent of a Written Requisition substantially in the form attached hereto as **Exhibit C** and approved by the Funding Lender Representative.

In addition to the above, in connection with any requisition or disbursement from the Project Fund:

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

(ii) Upon the occurrence of any mandatory prepayment of the Funding Loan pursuant to the terms hereof or an Event of Default, any amounts then remaining in the Project Fund may, at the Written Direction of the Funding Lender Representative, be transferred to the Funding Loan Payment Fund to be applied to the prepayment of the Funding Loan without a Written Requisition.

(iii) The Fiscal Agent shall immediately provide Written Notice to the Borrower, the Funding Lender Representative, the Servicer and the Governmental Lender if there are not sufficient funds available to or on deposit with the Fiscal Agent to make the disbursements as and when required by this Section.

(iv) The Fiscal Agent may conclusively rely on all Written Requisitions executed by the Authorized Borrower Representative and approved by the Funding Lender Representative, as required by this Section, as conditions of payment from the Project Fund, and shall constitute to the Fiscal Agent, irrevocable determinations that all conditions to payment of the specified amounts from the Project Fund have been satisfied. All Written Requisitions delivered to the Fiscal Agent shall be retained by the Fiscal Agent, subject at all reasonable times to examination by the Borrower, the Governmental Lender, the Funding Lender Representative and the agents and representatives thereof upon reasonable notice to the Fiscal Agent. The Fiscal Agent is not required to make any independent investigation with respect to the matters set forth in any Written Requisition or other statements, orders, certifications and approvals received by the Fiscal Agent.

Upon receipt of each Written Requisition signed by the Authorized Borrower Representative and approved in writing by the Funding Lender Representative, the Fiscal Agent shall promptly, but in any case within two (2) Business Days, make payment from the applicable account within the Project Fund in accordance with such Written Requisition. All such payments shall be made by check or draft payable, or by wire transfer, either (i) directly to the person, firm or corporation to be paid as provided in the Written Requisition, (ii) to the Borrower who shall then promptly pay such person, firm or corporation to be paid, or (iii) upon receipt by the Funding Lender Representative of evidence that the Borrower has previously paid such amount, directly to the Borrower. Upon final disbursement of all amounts on deposit in the Project Fund, the Fiscal Agent shall close the Project Fund.

(b) Amounts set aside to pay capitalized interest on the Funding Loan, including additional capitalized interest deposited by the Borrower in connection with any deposits made pursuant to Section 2.1 hereof or extension of the Completion Deadline, shall be deposited in the Capitalized Interest Account of the Project Fund. On the last Business Day immediately preceding each Interest Payment Date up to and including [August 1, 20__], the Fiscal Agent shall transfer funds from the Capitalized Interest Account of the Project Fund or, to the extent that insufficient funds are on deposit in the Capitalized Interest Account, from the Borrower Equity Account of the Project Fund, to the Funding Loan Payment Fund to pay the interest due on the Funding Loan on the following Interest Payment Date without the need for a Written Requisition. After [August 1, 20__], any amounts remaining in the Capitalized Interest Account shall be transferred to the Note Proceeds Account of the Project Fund to the extent such amounts were funded with proceeds of the Funding Loan and to the Borrower Equity Account of the Project Fund to the extent such amounts were funded with amounts other than proceeds of the Funding Loan.

Section 7.8. Rebate Fund. The Fiscal Agent shall deposit or transfer to the credit of the Rebate Fund each amount delivered to the Fiscal Agent by the Borrower for deposit thereto and each amount directed by the Borrower or the Rebate Analyst to be transferred thereto pursuant to Section 5.35 of the Borrower Loan Agreement.

Section 7.9. Investments.

Amounts on deposit in all funds and accounts held hereunder shall be invested in Investments as directed in writing by the Borrower and approved in writing by the Funding Lender Representative. Investment income earned on amounts on deposit in each fund and account shall be retained in and credited to and become a part of the amounts on deposit in such fund or account. In giving such direction, the Borrower shall take into account that amounts held in any funds or accounts created under this Funding Loan Agreement shall be subject in all cases to the restrictions of Section 8.7 hereof and of the Tax Certificate.

The Fiscal Agent may make any and all investments permitted under this Funding Loan Agreement through its own trust or banking department or any affiliate and may pay said department reasonable, customary fees for placing such investments. The Fiscal Agent and its affiliates may act as principal, agent, sponsor, advisor or depository with respect to Permitted Investments under this Funding Loan Agreement. The Fiscal Agent shall not be liable for any losses from investments made by the Fiscal Agent in accordance with this Funding Loan Agreement. The Fiscal Agent may rely conclusively in the investment direction of the Borrower as to the suitability and legality of the directed investments.

The Governmental Lender, the Funding Lender Representative and the Borrower (by its execution of the Borrower Loan Agreement) acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Governmental Lender or the Funding Lender Representative the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, the Governmental Lender and the Funding Lender Representative will not receive such confirmations to the extent permitted by law. The Fiscal Agent shall furnish the Borrower, the Funding Lender Representative and the Governmental Lender (to the extent requested by such parties) periodic cash transaction statements which shall include detail for all investment transactions, if any, made by the Fiscal Agent hereunder.

The amounts received upon the sale of the Governmental Lender Note and interest and other investment earnings on those amounts shall be allocated and used for financing Qualified Project Costs of the Project so that the aggregate basis of the building and related land, within the meaning of Section 42(h)(4) of the Code, shall be financed by fifty percent (50%) or more from those amounts.

ARTICLE VIII

REPRESENTATIONS AND COVENANTS

Section 8.1. General Representations. The Governmental Lender makes the following representations as the basis for the undertakings on its part herein contained:

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

(b) The Governmental Lender has all necessary power and authority to execute and deliver the Governmental Lender Note and to execute and deliver this Funding Loan Agreement, the Borrower Loan Agreement and the other Funding Loan Documents and Borrower Loan Documents to which it is a party, and to perform its duties and discharge its obligations hereunder and thereunder.

(c) The revenues and receipts to be derived from the Borrower Loan Agreement, the Borrower Note and this Funding Loan Agreement have not been pledged previously by the Governmental Lender to

secure any of its notes or bonds, other than this Funding Loan Agreement as evidenced by the Governmental Lender Note.

(d) The California Debt Limit Allocation Committee has provided an allocation of the State's 2020 private activity bond volume cap under Section 146 of the Code to the Governmental Lender for the Governmental Lender Note, and, if applicable, the Governmental Lender has timely made any required carryforward election with respect to such allocation. The Governmental Lender hereby elects to apply the alternative option under clause (2) of the first paragraph of Section 3.01 of IRS Notice 2011-63 with respect to the issue date of the Governmental Lender Note; and, in connection therewith, has directed Tax Counsel to include the information on Form 8038 filed for the Governmental Lender Note that is required by Section 3.03 of IRS Notice 2011-63.

THE GOVERNMENTAL LENDER MAKES NO REPRESENTATION, COVENANT OR AGREEMENT AS TO THE FINANCIAL POSITION OR BUSINESS CONDITION OF THE BORROWER OR THE PROJECT AND DOES NOT REPRESENT OR WARRANT AS TO ANY STATEMENTS, MATERIALS, REPRESENTATIONS OR CERTIFICATIONS FURNISHED BY THE BORROWER IN CONNECTION WITH THE FUNDING LOAN OR AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY THEREOF.

Section 8.2. No Encumbrance on Security. The Governmental Lender will not knowingly create or knowingly permit the creation of any mortgage, pledge, lien, charge or encumbrance of any kind on the Security or any part thereof prior to or on a parity with the lien of this Funding Loan Agreement, except as expressly permitted or contemplated by the Funding Loan Documents.

Section 8.3. Repayment of Funding Loan. Subject to the provisions of Article II hereof, the Governmental Lender will duly and punctually repay, or cause to be repaid, the Funding Loan, as evidenced by the Governmental Lender Note, as and when the same shall become due, all in accordance with the terms of the Governmental Lender Note and this Funding Loan Agreement.

Section 8.4. The Servicer. The Funding Lender Representative may appoint the Servicer to service and administer the Governmental Loan and/or the Borrower Loan on behalf of the Funding Lender Representative, including without limitation the fulfillment of rights and responsibilities granted by the Governmental Lender to the Funding Lender Representative pursuant to Section 2.1 of the Borrower Loan Agreement.

Section 8.5. Borrower Loan Agreement Performance.

(a) The Funding Lender Representative and the Servicer, if any, on behalf of the Governmental Lender, may (but shall not be required to nor obligated to) perform and observe any agreement or covenant of the Governmental Lender under the Borrower Loan Agreement.

(b) The Governmental Lender will promptly notify or cause to be notified the Borrower, the Fiscal Agent, the Servicer, if any, and the Funding Lender Representative in writing of the occurrence of any Borrower Loan Agreement Default, provided that the Governmental Lender has received Written Notice or otherwise has knowledge of such event.

Section 8.6. Maintenance of Records; Inspection of Records.

(a) The Fiscal Agent shall keep and maintain adequate records pertaining to any funds and accounts established hereunder, including all deposits to and disbursements from said funds and accounts and shall keep and maintain the registration books for the Governmental Lender Note and interests therein.

The Fiscal Agent shall retain in its possession all certifications and other documents presented to it, all such records and all records of principal, interest and premium paid on the Funding Loan, subject to the inspection of the Funding Lender Representative and the Governmental Lender and their representatives at all reasonable times and upon reasonable prior notice.

(b) The Governmental Lender and the Funding Lender Representative will at any and all times, upon the reasonable request of the Servicer, if any, the Borrower, the Fiscal Agent, the Governmental Lender or the Funding Lender Representative, afford and procure a reasonable opportunity by their respective representatives to inspect the books, records, reports and other papers of the Governmental Lender or the Funding Lender Representative, as appropriate, relating to the Project and the Funding Loan, if any, and to make copies thereof.

Section 8.7. Tax Covenants. The Governmental Lender covenants to and for the benefit of the Fiscal Agent and the Funding Lender Representative that, notwithstanding any other provisions of this Funding Loan Agreement or of any other instrument (but subject to the last paragraph of this Section 8.7), it will:

(a) Enforce or cause to be enforced all obligations of the Borrower under the Regulatory Agreement in accordance with its terms and seek to cause the Borrower to correct any violation of the Regulatory Agreement within a reasonable period after any such violation is first discovered;

(b) Not take or cause to be taken any other action or actions, or fail to take any action or actions, which would adversely affect the tax exempt status of the Governmental Lender Note;

(c) At all times do and perform all acts and things permitted by law and necessary or desirable in order to maintain tax-exempt status of the Governmental Lender Note (it being understood that the tax-exempt status of interest in respect of any particular holder will be affected if such holder of the Governmental Lender Note or a portion thereof is a “substantial user” of the facilities financed with the Governmental Lender Note or a “related person” within the meaning of Section 147(a) of the Code);

(d) Not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Funding Loan to be “federally guaranteed” within the meaning of Section 149(b) of the Code and the Regulations;

(e) Require the Borrower to agree, pursuant to the terms and provisions of the Borrower Loan Agreement, not to commit any act and not to make any use of the proceeds of the Funding Loan, or any other moneys which may be deemed to be proceeds of the Funding Loan pursuant to the Code, which would cause the Funding Loan to be an “arbitrage bond” within the meaning of Sections 103(b) and 148 the Code, and to comply with the requirements of the Code throughout the term of the Funding Loan; and

(f) Require the Borrower to take all steps necessary to compute and pay any rebatable arbitrage in accordance with Section 148(f) of the Code.

In furtherance of the covenants in this Section 8.7, the Governmental Lender and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which is by this reference incorporated into and made a part of this Funding Loan Agreement as if set forth in this Funding Loan Agreement in full. Notwithstanding the foregoing, in the event of any conflict between the requirements of this Section 8.7 and those of the Tax Certificate, the Tax Certificate shall control.

For purposes of this Section 8.7: (1) the Governmental Lender is assuming, with the consent of the parties hereto, the truth of the representations of the Borrower and the current and ongoing compliance by

the Borrower with the covenants and agreements of the Borrower, in each case contained in the Borrower Loan Agreement, the Regulatory Agreement and the Tax Certificate; (2) the Governmental Lender's compliance shall be based solely on matters within the Governmental Lender's knowledge and control; (3) no acts, omissions or directions of the Borrower, the Funding Lender Representative, the Fiscal Agent or any other Persons shall be attributed to the Governmental Lender; and (4) in complying with the foregoing covenants, the Governmental Lender may rely on an opinion of Tax Counsel.

Section 8.8. Performance by the Borrower. Without relieving the Governmental Lender from the responsibility for performance and observance of the agreements and covenants required to be performed and observed by it hereunder, the Borrower, on behalf of the Governmental Lender, may perform any such agreement or covenant if no Borrower Loan Agreement Default or Potential Default under the Borrower Loan Agreement exists.

ARTICLE IX

DEFAULT; REMEDIES

Section 9.1. Events of Default. Any one or more of the following shall constitute an event of default (an "Event of Default") under this Funding Loan Agreement (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) A default in the payment of any interest upon the Governmental Lender Note when such interest becomes due and payable; or

(b) A default in the payment of principal of, or Prepayment Premium, if any, on, the Governmental Lender Note when such principal or Prepayment Premium becomes due and payable, whether at its stated maturity, by declaration of acceleration, call for mandatory prepayment or otherwise; or

(c) Subject to Section 8.8 hereof, default in the performance or breach of any material covenant or warranty of the Governmental Lender in this Funding Loan Agreement (other than a covenant or warranty or default in the performance or breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of thirty (30) days after there has been given Written Notice by the Funding Lender Representative or the Servicer to the Governmental Lender and the Borrower as provided in Section 12.1 hereof, stating that such notice is a "Notice of Default" under this Funding Loan Agreement, specifying such default or breach, and requiring it to be remedied; provided that, so long as the Governmental Lender has commenced to cure such failure, to observe or to perform within the thirty (30) day cure period, or the subject matter of the default is not capable of cure within said thirty (30) day period, and the Governmental Lender is diligently pursuing such cure to the Funding Lender Representative's satisfaction, then with the Funding Lender Representative's Written Direction or consent, the Governmental Lender shall have an additional period of time as reasonably necessary (not to exceed thirty (30) days unless extended in writing by the Funding Lender Representative) within which to cure such default; or

(d) A default in the payment of any Additional Borrower Payments; or

(e) Any other "Default" or "Event of Default" under any of the other Funding Loan Documents (taking into account any applicable cure or grace periods therein).

Section 9.2. Acceleration of Maturity; Rescission and Annulment.

(a) Subject to the provisions of Section 9.9 hereof, upon the occurrence of an Event of Default under Section 9.1 hereof, then and in every such case, the Funding Lender Representative may declare the principal of the Funding Loan and the Governmental Lender Note and the interest accrued to be immediately due and payable, by notice to the Governmental Lender and the Borrower and upon any such declaration, all principal of and Prepayment Premium, if any, and interest on the Funding Loan and the Governmental Lender Note shall become immediately due and payable.

(b) At any time after a declaration of acceleration has been made pursuant to subsection (a) of this Section, the Funding Lender Representative may by Written Notice to the Governmental Lender, rescind and annul such declaration and its consequences if:

(i) There has been deposited with the Funding Lender Representative a sum sufficient to pay (1) all overdue installments of interest on the Funding Loan and the Governmental Lender Note, (2) the principal of and Prepayment Premium, on the Funding Loan and the Governmental Lender Note that has become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in the Funding Loan and the Governmental Lender Note, (3) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Funding Loan and the Governmental Lender Note, and (4) all sums paid or advanced by the Funding Lender Representative and the reasonable compensation, expenses, disbursements and advances of the Funding Lender Representative, its agents and counsel (but only to the extent not duplicative with subclauses (1) and (3) above); and

(ii) All Events of Default, other than the nonpayment of the principal of the Funding Loan and the Governmental Lender Note which have become due solely by such declaration of acceleration, have been cured or have been waived in writing as provided in Section 9.9 hereof.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

(c) Notwithstanding the occurrence and continuation of an Event of Default, it is understood that the Funding Lender Representative shall pursue no remedies against the Borrower or the Project if no Borrower Loan Agreement Default has occurred and is continuing. An Event of Default hereunder shall not in and of itself constitute a Borrower Loan Agreement Default.

Section 9.3. Additional Remedies; the Funding Lender Representative Enforcement.

(a) Upon the occurrence of an Event of Default, the Funding Lender Representative may, subject to the provisions of this Section 9.3 and Section 9.9 hereof, proceed to protect and enforce its rights by mandamus or other suit, action or proceeding at law or in equity. No remedy conferred by this Funding Loan Agreement upon or remedy reserved to the Funding Lender Representative is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Funding Lender Representative hereunder or now or hereafter existing at law or in equity or by statute.

(b) Upon the occurrence and continuation of any Event of Default, the Funding Lender Representative may proceed forthwith to protect and enforce its rights and this Funding Loan Agreement by such suits, actions or proceedings as the Funding Lender Representative, in its sole discretion, shall deem expedient. The Funding Lender Representative shall have upon the occurrence and continuation of any Event of Default all rights, powers, and remedies with respect to the Security as are available under the

UCC applicable thereto or as are available under any other applicable law at the time in effect and, without limiting the generality of the foregoing, the Funding Lender Representative may proceed at law or in equity or otherwise, to the extent permitted by applicable law:

(i) to take possession of the Security or any part thereof, with or without legal process, and to hold, service, administer and enforce any rights thereunder or thereto, and otherwise exercise all rights of ownership thereof, including (but not limited to) the sale of all or part of the Security;

(ii) to become mortgagee of record for the Borrower Loan including, without limitation, completing the assignment of the Security Instrument by the Governmental Lender to the Funding Lender Representative as anticipated by this Funding Loan Agreement, and recording the same in the real estate records of the jurisdiction in which the Project is located, without further act or consent of the Governmental Lender, and to service and administer the same for its own account;

(iii) to service and administer the Funding Loan as agent and on behalf of the Governmental Lender or otherwise, and, if applicable, to take such actions necessary to enforce the Funding Loan Documents on its own behalf, and to take such alternative courses of action, as it may deem appropriate; or

(iv) to take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Governmental Lender Note, this Funding Loan Agreement or the other Funding Loan Documents, or in and of the execution of any power herein granted, or for foreclosure hereunder, or for enforcement of any other appropriate legal or equitable remedy or otherwise as the Funding Lender Representative may elect.

(c) Whether or not an Event of Default has occurred, the Funding Lender Representative, in its sole discretion, shall have the sole right to waive or forbear any term, condition, covenant or agreement of the Security Instrument, the Borrower Loan Agreement, the Borrower Note or any other Funding Loan Documents applicable to the Borrower, or any breach thereof, other than a covenant that would adversely impact the tax exempt status of the interest on the Governmental Lender Note, and provided that the Governmental Lender may enforce specific performance with respect to the Unassigned Rights.

(d) If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in the Regulatory Agreement, and if such default remains uncured for a period of sixty (60) days after the Borrower and the Funding Lender Representative receive Written Notice stating that a default under the Regulatory Agreement has occurred and specifying the nature of the default, the Funding Lender Representative shall have the right to seek specific performance of the provisions of the Regulatory Agreement or to exercise its other rights or remedies thereunder.

(e) If the Borrower defaults in the performance of its obligations under the Borrower Loan Agreement or any of the other Funding Loan Documents to make rebate payments, to comply with any applicable continuing disclosure requirements, or to make payments owed thereunder, the Funding Lender Representative shall have the right to exercise all its rights and remedies thereunder.

Section 9.4. Application of Money Collected. Any money collected by the Funding Lender Representative pursuant to this Article and any other sums then held by the Funding Lender Representative as part of the Security, shall be applied in the following order, at the date or dates fixed by the Funding Lender Representative:

(a) First: To the payment of any and all amounts due under the Funding Loan Documents other than with respect to principal and interest accrued on the Funding Loan, including, without limitation, any amounts due to the Fiscal Agent, the Governmental Lender, the Funding Lender Representative, the Servicer and the Rebate Analyst;

(b) Second: To the payment of the whole amount of the Funding Loan, as evidenced by the Governmental Lender Note, then due and unpaid in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Funding Loan) on overdue principal of, and Prepayment Premium and overdue installments of interest on the Funding Loan; provided, however, that partial interests in any portion of the Funding Loan shall be paid in such order of priority as may be prescribed by Written Direction of the Funding Lender Representative in its sole and absolute discretion; and

(c) Third: The payment of the remainder, if any, to the Borrower or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

If and to the extent this Section 9.4 conflicts with the provisions of the Servicing Agreement, the provisions of the Servicing Agreement shall control. Capitalized terms used in this Section 9.4 but not otherwise defined in this Funding Loan Agreement shall have the meanings given such terms in the Servicing Agreement.

Section 9.5. Remedies Vested in the Funding Lender Representative. All rights of action and claims under this Funding Loan Agreement or the Governmental Lender Note may be prosecuted and enforced by the Funding Lender Representative without the possession of the Governmental Lender Note or the production thereof in any proceeding relating thereto.

Section 9.6. Restoration of Positions. If the Funding Lender Representative shall have instituted any proceeding to enforce any right or remedy under this Funding Loan Agreement and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Funding Lender Representative, then and in every such case the Governmental Lender and the Funding Lender Representative shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Governmental Lender and the Funding Lender Representative shall continue as though no such proceeding had been instituted.

Section 9.7. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Funding Lender Representative is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 9.8. Delay or Omission Not Waiver. No delay or omission of the Funding Lender Representative to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Funding Lender Representative may be exercised from time to time, and as often as may be deemed expedient, by the Funding Lender Representative. No waiver of any default or Event of Default pursuant to Section 9.9 hereof shall extend to or shall affect any subsequent default or Event of Default hereunder or shall impair any rights or remedies consequent thereon.

Section 9.9. Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Funding Lender Representative, the Funding Lender Representative may, subject to Section 9.6 hereof, by Written Notice to the Governmental Lender and the Borrower, waive any past default hereunder or under the Borrower Loan Agreement and its consequences except for default in obligations due to the Governmental Lender pursuant to or under the Unassigned Rights. Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Funding Loan Agreement and the Borrower Loan Agreement; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 9.10. Remedies Under the Borrower Loan Agreement or the Borrower Note. As set forth in this Section 9.10 but subject to Section 9.9 hereof, the Funding Lender Representative shall have the right, in its own name or on behalf of the Governmental Lender, to declare any default and exercise any remedies under the Borrower Loan Agreement or the Borrower Note, whether or not the Governmental Lender Note has been accelerated or declared due and payable by reason of an Event of Default.

Section 9.11. Waiver of Appraisal and Other Laws.

(a) To the extent permitted by law, the Governmental Lender will not at any time insist upon, plead, claim or take the benefit or advantage of, any appraisal, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement of this Funding Loan Agreement; and the Governmental Lender, for itself and all who may claim under it, so far as it or they now or hereafter may lawfully do so, hereby waives the benefit of all such laws. The Governmental Lender, for itself and all who may claim under it, waives, to the extent that it may lawfully do so, all right to have the property in the Security marshaled upon any enforcement hereof.

(b) If any law now in effect prohibiting the waiver referred to in Section 9.11(a) above, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the application of this Section 9.11.

Section 9.12. Suits to Protect the Security. The Funding Lender Representative shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Security by any acts that may be unlawful or in violation of this Funding Loan Agreement and to protect its interests in the Security and in the rents, issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Funding Lender Representative.

Section 9.13. Remedies Subject to Applicable Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Funding Loan Agreement invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

Section 9.14. Assumption of Obligations. In the event that the Funding Lender Representative or its assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of the Borrower under the Borrower Loan Agreement, the Borrower Note, the Regulatory Agreement and any other Funding Loan Documents to which the Borrower is a party. Such assumption shall be effective from and after the effective

date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

It is the intention of the parties hereto that upon the occurrence and continuance of an Event of Default hereunder, rights and remedies may be pursued pursuant to the terms of the Funding Loan Documents.

ARTICLE X

AMENDMENT; AMENDMENT OF THE BORROWER LOAN AGREEMENT

AND OTHER DOCUMENTS

Section 10.1. Amendment of Funding Loan Agreement. Any of the terms of this Funding Loan Agreement and the Governmental Lender Note may be amended or waived only by an instrument signed by the Funding Lender Representative, the Fiscal Agent (at the Funding Lender Representative's direction) and the Governmental Lender, provided, however, no such amendment which materially affects the rights, duties, obligations or other interests of the Borrower shall be made without the consent of the Borrower, and, provided further, that if the Borrower is in default under any Funding Loan Document, no Borrower consent shall be required unless such amendment has a material adverse effect on the rights, duties, obligations or other interests of the Borrower. All of the terms of this Funding Loan Agreement shall be binding upon the successors and assigns of and all persons claiming under or through the Governmental Lender or any such successor or assign, and shall inure to the benefit of and be enforceable by the successors and assigns of the Funding Lender Representative. The Fiscal Agent may, but shall not be required to, enter into any amendment or waiver affecting its rights or duties hereunder.

Section 10.2. Amendments Require the Funding Lender Representative Consent. The Governmental Lender shall not consent to any amendment, change or modification of the Borrower Loan Agreement or any other Funding Loan Document (except the Regulatory Agreement and the Tax Certificate) without the prior Written Consent of the Funding Lender Representative.

Section 10.3. Consents and Opinions. No amendment to this Funding Loan Agreement or any other Funding Loan Document amendment entered into under this Article X or any amendment, supplement, change or modification otherwise permitted under this Article X shall become effective unless and until (i) the Funding Lender Representative shall have approved the same in writing in its sole discretion (which shall not be unreasonably withheld, conditioned or delayed), and (ii) the Funding Lender Representative shall have received, at the expense of the Borrower, (i) a Tax Counsel No Adverse Effect Opinion in respect of such amendment and (ii) an Opinion of Counsel substantially to the effect that any such proposed amendment complies with the provisions of this Funding Loan Agreement and is a valid and binding obligation of the parties thereto, subject to customary exceptions relating to bankruptcy, insolvency and equitable principles limitations.

ARTICLE XI

THE FISCAL AGENT

Section 11.1. Appointment of the Fiscal Agent; Acceptance. The Governmental Lender hereby appoints [Fiscal Agent] as the Fiscal Agent hereunder. The Fiscal Agent shall signify its acceptance of the

duties and obligations imposed upon it by this Funding Loan Agreement by executing this Funding Loan Agreement.

Section 11.2. Certain Duties and Responsibilities of the Fiscal Agent.

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

(a) If an event of default exists hereunder or under any Funding Loan Document, the Fiscal Agent shall exercise such rights and powers vested in it by this Funding Loan Agreement, solely at the written direction and at the expense of the Funding Lender Representative.

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

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

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

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

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

Subject to its rights to indemnification pursuant to Section 11.4 hereof, the Fiscal Agent is directed to enter into the Funding Loan Documents to which it is a party and other related documents, solely in its capacity as the Fiscal Agent.

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

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

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

(f) The rights of the Fiscal Agent and limitations of liability enumerated herein and in Section 11.4 hereof shall extend to actions taken or omitted in its role as a party to the Borrower Loan Agreement and the other Funding Loan Documents.

Section 11.3. Notice of Defaults. Upon the occurrence of any default hereunder or under any other Funding Loan Document and provided that a Responsible Officer of the Fiscal Agent is aware of or has received Written Notice of the existence of such default, promptly, and in any event within fifteen (15) days, the Fiscal Agent shall transmit to the Governmental Lender, the Borrower, the Servicer, if any, and the Funding Lender Representative, in the manner and at the addresses for notices set forth in Section 12.1 hereof, notice of such default hereunder actually known to the Fiscal Agent pursuant to Section 11.4(g) hereof, unless such default shall have been cured or waived.

Section 11.4. Certain Rights of the Fiscal Agent. Except as otherwise provided in Section 11.1 hereof:

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

(b) Any request or direction of the Governmental Lender mentioned herein shall be sufficiently evidenced by a certificate or order executed by an Authorized Representative of the Governmental Lender.

(c) Whenever in the administration of this Funding Loan Agreement or any of the other Funding Loan Documents, the Fiscal Agent shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Fiscal Agent (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a Written Certificate of the Governmental Lender, the Funding Lender Representative, the Servicer or the Borrower, as appropriate.

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

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

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

(g) The Fiscal Agent shall not be required to take notice or be deemed to have notice of any default hereunder or under any other Funding Loan Document except for failure by the Borrower to make payments of principal, interest, Prepayment Premium, if any, or the Ongoing Governmental Lender Fee when due, unless a Responsible Officer of the Fiscal Agent shall be specifically notified by a Written Notice of such default by the Governmental Lender, the Servicer or the Funding Lender Representative, and all notices or other instruments required by this Funding Loan Agreement or under any other Funding Loan Document to be delivered to the Fiscal Agent, must, in order to be effective, be delivered in writing to a Responsible Officer of the Fiscal Agent at the office of the Fiscal Agent, and in the absence of such Written Notice so delivered the Fiscal Agent may conclusively assume there is no default as aforesaid.

(h) The Fiscal Agent shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Funding Loan Agreement and delivered using Electronic Means (“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Fiscal Agent, or another method or system specified by the Fiscal Agent as available for use in connection with its services hereunder.); provided, however, that the Funding Lender Representative, the Governmental Lender, the Servicer, if any, and/or the Borrower, as applicable, shall provide to the Fiscal Agent an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Funding Lender Representative, the Governmental Lender, the Servicer and/or the Borrower, as applicable, whenever a person is to be added or deleted from the listing. If the Funding Lender Representative, the Governmental Lender, the Servicer and/or the Borrower, as applicable, elects to give the Fiscal Agent Instructions using Electronic Means and the Fiscal Agent in its discretion elects to act upon such Instructions, the Fiscal Agent’s understanding of such Instructions shall be deemed controlling. The Funding Lender Representative, the Governmental Lender, the Servicer and the Borrower understand and agree that the Fiscal Agent cannot determine the identity of the actual sender of such Instructions and that the Fiscal Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Fiscal Agent have been sent by such Authorized Officer. The Funding Lender Representative, the Governmental Lender, the Servicer and the Borrower shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Fiscal Agent and that the Funding Lender Representative, the Governmental Lender, the Servicer, the Borrower and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Funding Lender Representative, the Governmental Lender, the Servicer and/or the Borrower, as applicable. The Fiscal Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Funding Lender Representative, the Governmental Lender, the Servicer and the Borrower agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Fiscal Agent, including without limitation the risk of the Fiscal Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Fiscal Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Funding Lender Representative, the Governmental Lender, the Servicer and/or the Borrower, as applicable; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Fiscal Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 11.5. Not Responsible for Recitals. The recitals contained herein and in the Governmental Lender Note shall be taken as the statements of the Governmental Lender, and the Fiscal

Agent assumes no responsibility for their correctness. The Fiscal Agent makes no representations as to the value or condition of the Pledged Revenues, the Security or any part thereof, or as to the title of the Governmental Lender thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Funding Loan Agreement or of the Funding Loan.

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

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

Section 11.6. May Hold Funding Loan. The Fiscal Agent in its individual or any other capacity may become the owner or pledgee of the Funding Loan and may otherwise deal with the Governmental Lender, the Funding Lender Representative and the Borrower with the same rights it would have if it were not the Fiscal Agent.

Section 11.7. Moneys Held in Trust. Moneys held by the Fiscal Agent in trust hereunder need not be segregated from other funds except to the extent hereunder directed or as required by law. The Fiscal Agent shall be under no liability for interest on any moneys received by it hereunder except as otherwise provided herein.

Section 11.8. Compensation and Reimbursement. Under the Borrower Loan Agreement, the Borrower has agreed to, except as otherwise expressly provided herein, pay the Fiscal Agent its fees and reimburse the Fiscal Agent as provided in this Funding Loan Agreement or the Borrower Loan Agreement, upon its request for all reasonable expenses, disbursements and advances incurred or made by the Fiscal Agent in accordance with any provision of this Funding Loan Agreement (including the reasonable fees, expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Fiscal Agent's negligence or willful misconduct, both as finally adjudicated by a court of law.

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

- (a) The Governmental Lender has no obligation to pay the Fiscal Agent for services rendered.
- (b) As security for the performance of the obligations of the Borrower under this Section and for the payment of such compensation, expenses, reimbursements and indemnity, the Fiscal Agent shall have the right to use and apply any moneys held by it as Pledged Revenues.
- (c) The Fiscal Agent's rights to compensation and reimbursement shall survive its resignation or removal, the payment of the Funding Loan or the Borrower Loan or the release of this Funding Loan Agreement.

Section 11.9. The Fiscal Agent Required; Eligibility. Any successor Fiscal Agent shall at all times be a trust company, a state banking corporation or a national banking association with the authority to accept trusts in the State, approved in writing by the Governmental Lender and either (a) have a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition, (b) be a wholly owned subsidiary of a bank holding company, or a wholly owned subsidiary of a company that is a wholly owned subsidiary of a bank holding company, having a combined capital surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition, have at least \$500,000,000 of trust assets under management and have a combined capital surplus of at least \$2,000,000 as set forth in its most recent published annual report of condition, or (c) be otherwise acceptable to the Funding Lender Representative in its sole and absolute discretion.

Section 11.10. Resignation and Removal; Appointment of Successor.

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

(b) The Fiscal Agent may resign at any time by giving sixty (60) days prior Written Notice thereof to the Governmental Lender, the Borrower, the Servicer, if any, and the Funding Lender Representative.

(c) The Fiscal Agent may be removed at any time with thirty (30) days notice (i) by the Governmental Lender, with Written Notice delivered to the Fiscal Agent, the Funding Lender Representative and the Borrower, or (ii) by the Funding Lender Representative, with Written Notice delivered to the Fiscal Agent, the Governmental Lender and the Borrower.

(d) If the Fiscal Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Fiscal Agent for any cause, the Governmental Lender shall promptly appoint a successor Fiscal Agent, with the consent of the Funding Lender Representative. In case all or substantially all of the Pledged Revenues and the Security shall be in the possession of a receiver or Fiscal Agent lawfully appointed, such receiver or trustee may similarly appoint a successor to fill such vacancy until a new Fiscal Agent shall be so appointed by the Governmental Lender. If, within sixty (60) days after such resignation, removal or incapability or the occurrence of such vacancy, an instrument of acceptance by a successor Fiscal Agent shall not have been delivered to the Governmental Lender (with a copy to the Fiscal Agent), then either (i) the Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent; or (ii) a successor Fiscal Agent shall be appointed by the Funding Lender Representative (from any of the institutions approved by the Governmental Lender to serve as a fiscal agent or trustee) with Written Notice thereof delivered to the Governmental Lender, the Borrower, the Servicer, if any, and the retiring Fiscal Agent, and the successor Fiscal Agent so appointed shall, forthwith upon its acceptance of such appointment, become the successor Fiscal Agent and supersede the successor Fiscal Agent appointed by such receiver or the Fiscal Agent.

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

(f) The Fiscal Agent agrees to cooperate promptly with the Governmental Lender, the Funding Lender Representative, and any successor Fiscal Agent to execute any documents, instruments or assignments necessary or desirable to effect the appointment of such successor Fiscal Agent hereunder.

Section 11.11. Acceptance of Appointment by Successor.

(a) Every successor Fiscal Agent appointed hereunder shall execute, acknowledge and deliver to the Governmental Lender and to the retiring Fiscal Agent an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Fiscal Agent shall become effective and the successor Fiscal Agent, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Fiscal Agent; notwithstanding the foregoing, on request of the Governmental Lender, the Funding Lender Representative or the successor Fiscal Agent, the retiring Fiscal Agent shall execute and deliver any instruments conveying and transferring to the successor Fiscal Agent all the estates, properties, rights, powers and trusts of the retiring Fiscal Agent, and shall duly assign, transfer and deliver to the successor Fiscal Agent all property and money held by the retiring Fiscal Agent hereunder. Any fees or expenses of the retiring Fiscal Agent in connection therewith shall be the responsibility of the Borrower. Upon request of any successor Fiscal Agent, the Governmental Lender may execute any and all instruments necessary or desirable to confirm to the successor Fiscal Agent all such estates, properties, rights, powers and trusts. Any fees or expenses of the Governmental Lender incurred in connection therewith shall be the responsibility of the Borrower.

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

Section 11.12. Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Fiscal Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Fiscal Agent shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Fiscal Agent, shall be the successor of the Fiscal Agent hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. Notwithstanding the foregoing, any successor Fiscal Agent shall cause Written Notice of such succession to be delivered to the Governmental Lender and the Funding Lender Representative within thirty (30) days of such succession.

Section 11.13. Appointment of Co-Fiscal Agent. It is recognized that in case of litigation under this Funding Loan Agreement, the Borrower Loan Agreement, any other Funding Loan Document, and in particular in case of the enforcement of any of them on default, or in case the Fiscal Agent deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Fiscal Agent or hold title to the properties, in trust, as herein provided, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Fiscal Agent appoint an additional individual or institution as a separate or co-fiscal agent. The following provisions of this Section are adopted to these ends.

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

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

Section 11.14. Loan Servicing. The Governmental Lender and the Fiscal Agent acknowledge that the Funding Lender Representative shall have the right to appoint the Servicer to service and administer the Funding Loan and the Borrower Loan as set forth in a Servicing Agreement. The Governmental Lender and the Fiscal Agent shall not be responsible for monitoring the performance of the Servicer or for any acts or omissions of the Servicer. The Funding Lender Representative may, in its sole discretion, terminate or replace the Servicer.

Section 11.15. No Recourse Against Officers or Employees of Fiscal Agent. No recourse with respect to any claim related to any obligation, duty or agreement contained in this Funding Loan Agreement or any other Funding Loan Document shall be had against any officer or employee, as such, of the Fiscal Agent, it being expressly understood that the obligations, duties and agreements of the Fiscal Agent contained in this Funding Loan Agreement and the other Funding Loan Documents are solely corporate in nature.

Section 11.16. City Contracting Provisions. The Funding Lender Representative and the Fiscal Agent each covenant and agree to comply with the provisions set forth in **Exhibit F** to this Funding Loan Agreement, to the extent applicable to the Funding Lender Representative as maker of the Funding Loan or the Fiscal Agent as fiscal agent for the Funding Loan (each, a “Contractor” for purposes of **Exhibit F**), which is incorporated in and made a part of this Funding Loan Agreement by this reference.

ARTICLE XII

MISCELLANEOUS

Section 12.1. Notice. All notices, demands, requests and other communications required or permitted to be given by any provision of this Funding Loan Agreement shall be in writing and sent by first class, regular, registered or certified mail, commercial delivery service, overnight courier, telegraph, telex, telecopier or facsimile transmission, air or other courier, or hand delivery to the party to be notified addressed as follows:

If to the Governmental Lender: City and County of San Francisco
Mayor’s Office of Housing and Community
Development (MOHCD)
One South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attention: [_____]]
Telephone: [_____]]
Facsimile: [_____]]

If to the Fiscal Agent: [Fiscal Agent]

If to the Borrower: Ambassador Ritz Four Percent, L.P.,

a California limited partnership
c/o [_____]

with a copy to: [_____]

and with a copy to: [_____]

and a copy to Equity Investor: U.S. Bancorp Community Development Corporation
1307 Washington Avenue, Suite 300
Mail Code: SL MO RMCD
St. Louis, Missouri 63103
USB Project No: 26706
Attention: Director of LIHTC Asset Management
Facsimile: (314) 335-2601

and with a copy to: Kutak Rock LLP
1650 Farnam Street
Omaha, Nebraska 68102-2103
Attention: Jill H. Goldstein, Esq.
Facsimile: (402) 346-1148

If to the Funding Lender Representative: U.S. Bank National Association
[_____]
Attention: [_____]

Any such notice, demand, request or communication shall be deemed to have been given and received for all purposes under this Funding Loan Agreement: (i) three (3) Business Days after the same is deposited in any official depository or receptacle of the United States Postal Service first class, or, if applicable, certified mail, return receipt requested, postage prepaid; (ii) on the date of transmission when delivered by telecopier or facsimile transmission, telex, telegraph or other telecommunication device, provided any telecopy or other electronic transmission received by any party after 4:00 p.m., local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day; (iii) on the next Business Day after the same is deposited with a nationally recognized overnight delivery service that guarantees overnight delivery; and (iv) on the date of actual delivery to such party by any other means; provided, however, if the day such notice, demand, request or communication shall be deemed to have been given and received as aforesaid is not a Business Day, such notice, demand, request or communication shall be deemed to have been given and received on the next Business Day. Any facsimile signature by a Person on a document, notice, demand, request or communication required or permitted by this Funding Loan Agreement shall constitute a legal, valid and binding execution thereof by such Person.

Any party to this Funding Loan Agreement may change such party's address for the purpose of notice, demands, requests and communications required or permitted under this Funding Loan Agreement by providing Written Notice of such change of address to all of the parties by Written Notice as provided herein.

A copy of each notice sent to the Borrower hereunder shall also be sent to the Equity Investor at the address set forth above, but such copies shall not constitute notice to the Borrower, nor shall any failure to send such copies or any defect therein constitute a breach of this Funding Loan Agreement or a failure of or defect in notice to the Borrower.

Section 12.2. Term of Funding Loan Agreement. This Funding Loan Agreement shall be in full force and effect until all payment obligations of the Governmental Lender hereunder have been paid in full and the Funding Loan has been retired or the payment thereof has been provided for; except that on and after payment in full of the Governmental Lender Note, this Funding Loan Agreement shall be terminated, without further action by the parties hereto.

Section 12.3. Successors and Assigns. All covenants and agreements in this Funding Loan Agreement by the Governmental Lender shall bind its successors and assigns, whether so expressed or not.

Section 12.4. Legal Holidays. In any case in which the date of payment of any amount due hereunder or the date on which any other act is to be performed pursuant to this Funding Loan Agreement shall be a day that is not a Business Day, then payment of such amount or such act need not be made on such date but may be made on the next succeeding Business Day, and such later payment or such act shall have the same force and effect as if made on the date of payment or the date fixed for prepayment or the date fixed for such act, and no additional interest shall accrue for the period after such date and prior to the date of payment.

Section 12.5. Governing Law. This Funding Loan Agreement shall be governed by and shall be enforceable in accordance with the laws of the State.

Section 12.6. Severability. If any provision of this Funding Loan Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired. In case any covenant, stipulation, obligation or agreement contained in the Governmental Lender Note or in this Funding Loan Agreement shall for any reason be held to be usurious or in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Governmental Lender or the Funding Lender Representative only to the full extent permitted by law.

Section 12.7. Execution in Several Counterparts. This Funding Loan Agreement may be contemporaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 12.8. Nonrecourse Obligation of the Borrower. Except as otherwise provided in the Borrower Loan Agreement, any obligations of the Borrower under this Funding Loan Agreement are without recourse to the Borrower or to the Borrower's partners or members, as the case may be.

Section 12.9. Electronic Transactions. The transactions described in this Funding Loan Agreement may be conducted, and related documents may be stored, by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12.10. Reference Date. This Funding Loan Agreement is dated for reference purposes only as of the 1st day of August 2021.

[Signature page follows]

IN WITNESS WHEREOF, the Funding Lender Representative, the Fiscal Agent and the Governmental Lender have caused this Funding Loan Agreement to be duly executed as of the date first written above.

U.S. BANK NATIONAL ASSOCIATION,
as Funding Lender Representative

By: _____

Name:

Title:

[Signatures continue on the next page]

CITY AND COUNTY OF SAN FRANCISCO

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

Approved as to form:

DENNIS J. HERRERA
City Attorney

By: _____
Deputy City Attorney

[Signatures continue on the next page]

[Fiscal Agent]

By: _____

Name:

Title:

EXHIBIT A

FORM OF THE GOVERNMENTAL LENDER NOTE

THIS NOTE MAY BE OWNED ONLY BY AN APPROVED TRANSFEREE IN ACCORDANCE WITH THE TERMS OF THE FUNDING LOAN AGREEMENT, AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS NOTE (A) REPRESENTS THAT IT IS AN APPROVED TRANSFEREE (AS DEFINED IN THE FUNDING LOAN AGREEMENT) AND (B) ACKNOWLEDGES THAT IT CAN ONLY TRANSFER THIS GOVERNMENTAL LENDER NOTE TO ANOTHER APPROVED TRANSFEREE IN ACCORDANCE WITH THE TERMS OF THE FUNDING LOAN AGREEMENT.

**CITY AND COUNTY OF SAN FRANCISCO
MULTIFAMILY HOUSING REVENUE NOTE
(AMBASSADOR RITZ 4%)
SERIES 2021D**

DATED [Closing Date]

[\$[2021D PAR]

FOR VALUE RECEIVED, the undersigned CITY AND COUNTY OF SAN FRANCISCO (“Obligor”) promises to pay to the order of U.S. BANK NATIONAL ASSOCIATION (“Holder”) the maximum principal sum of [_____] DOLLARS (\$[2021D PAR]), on [FINAL MATURITY], or earlier as provided herein, together with interest thereon at the rates, at the times and in the amounts provided below.

Obligor shall pay to the Holder on or before each date on which payment is due under that certain Funding Loan Agreement, dated as of August 1, 2021 (the “Funding Loan Agreement”), among Obligor, [Fiscal Agent], as Fiscal Agent (the “Fiscal Agent”), and Holder, an amount in immediately available funds sufficient to pay the principal amount of and Prepayment Premium, if any, on this Governmental Lender Note then due and payable, whether by maturity, acceleration, prepayment or otherwise. In the event that amounts held derived from proceeds of the Borrower Loan, condemnation awards or insurance proceeds or investment earnings thereon are applied to the payment of principal due on this Governmental Lender Note in accordance with the Funding Loan Agreement, the principal amount due hereunder shall be reduced to the extent of the principal amount of the Funding Loan so paid. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Funding Loan Agreement.

Obligor shall pay to the Holder on or before each date on which interest on the Funding Loan is payable, interest on the unpaid balance hereof in an amount in immediately available funds sufficient to pay the interest on this Governmental Lender Note then due and payable in the amounts and at the rate or rates set forth in the Funding Loan Agreement.

The Funding Loan and this Governmental Lender Note are pass-through obligations relating to a construction loan (the “Borrower Loan”) made by Obligor from proceeds of the Funding Loan to Ambassador Ritz Four Percent, L.P., a California limited partnership, as borrower (the “Borrower”), under that certain Borrower Loan Agreement, dated as of August 1, 2021 (as the same may be modified, amended or supplemented from time to time, the “Borrower Loan Agreement”), among the Obligor, the Fiscal Agent and the Borrower, evidenced by the Borrower Note (as defined in the Borrower Loan Agreement). Reference is made to the Borrower Loan Agreement and to the Borrower Note for complete payment and

prepayment terms of the Borrower Note, payments on which are passed-through under the Governmental Lender Note.

Notwithstanding any provision of this Governmental Lender Note or the Funding Loan Agreement to the contrary, the Governmental Lender shall be permitted to direct Borrower Note prepayments to be transferred to a custodian or trustee selected by the Governmental Lender, in lieu of application to prepay a like portion of this Governmental Lender Note, so long as the Governmental Lender simultaneously causes other funds to be applied to prepay such portion of this Governmental Lender Note. The preceding provisions shall apply only for purposes of preserving or “recycling” private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

This Governmental Lender Note is a limited obligation of the Obligor, payable solely from the Pledged Revenues and other funds and moneys and the Security pledged and assigned under the Funding Loan Agreement. None of the State, or any political subdivision thereof (except the Governmental Lender, to the limited extent set forth herein) nor any public agency shall in any event be liable for the payment of the principal of, Prepayment Premium (if any) or interest on this Governmental Lender Note or the Funding Loan or for the performance of any pledge, obligation or agreement of any kind whatsoever with respect thereto except as set forth herein and in the Funding Loan Agreement, and none of the Funding Loan or this Governmental Lender Note or any of the Governmental Lender’s agreements or obligations with respect to the Funding Loan or this Governmental Lender Note shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever. The execution and delivery of this Governmental Lender Note shall not directly or indirectly or contingently obligate the Obligor or the State of California or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

This Governmental Lender Note is subject to the express condition that at no time shall interest be payable on this Governmental Lender Note or the Funding Loan at a rate in excess of the Maximum Rate provided in the Funding Loan Agreement; and Obligor shall not be obligated or required to pay, nor shall the Holder be permitted to charge or collect, interest at a rate in excess of such Maximum Rate. If by the terms of this Governmental Lender Note or of the Funding Loan Agreement, Obligor is required to pay interest at a rate in excess of such Maximum Rate, the rate of interest hereunder or thereunder shall be deemed to be reduced immediately and automatically to such Maximum Rate, and any such excess payment previously made shall be immediately and automatically applied to the unpaid balance of the principal sum hereof and not to the payment of interest.

Amounts payable hereunder representing late payments, penalty payments or the like shall be payable to the extent allowed by law.

This Governmental Lender Note is subject to all of the terms, conditions, and provisions of the Funding Loan Agreement, including those respecting prepayment and the acceleration of maturity.

If there is an Event of Default under the Funding Loan Documents, then in any such event and subject to the requirements set forth in the Funding Loan Agreement, the Holder may declare the entire unpaid principal balance of this Governmental Lender Note and accrued interest, if any, due and payable at once. All of the covenants, conditions and agreements contained in the Funding Loan Documents are hereby made part of this Governmental Lender Note.

No delay or omission on the part of the Holder in exercising any remedy, right or option under this Governmental Lender Note or the Funding Loan Documents shall operate as a waiver of such remedy, right or option. In any event a waiver on any one occasion shall not be construed as a waiver or bar to any such

remedy, right or option on a future occasion. The rights, remedies and options of the Holder under this Governmental Lender Note and the Funding Loan Documents are and shall be cumulative and are in addition to all of the rights, remedies and options of the Holder at law or in equity or under any other agreement.

Obligor shall pay all costs of collection on demand by the Holder, including without limitation, reasonable attorneys' fees and disbursements, which costs may be added to the indebtedness hereunder, together with interest thereon, to the extent allowed by law, as set forth in the Funding Loan Agreement.

This Governmental Lender Note may not be changed orally. Presentment for payment, notice of dishonor, protest and notice of protest are hereby waived. The acceptance by the Holder of any amount after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due hereunder. The acceptance by the Holder of any sum in an amount less than the amount then due shall be deemed an acceptance on account only and upon condition that such acceptance shall not constitute a waiver of the obligation of Obligor to pay the entire sum then due, and Obligor's failure to pay such amount then due shall be and continue to be a default notwithstanding such acceptance of such amount on account, as aforesaid. Consent by the Holder to any action of Obligor which is subject to consent or approval of the Holder hereunder shall not be deemed a waiver of the right to require such consent or approval to future or successive actions.

[Signature Page Follows]

IN WITNESS WHEREOF, the Obligor has caused this City and County of San Francisco Multifamily Housing Revenue Note (Ambassador Ritz 4%) Series 2021D to be duly executed by the manual signature of its Authorized Officer as of the date first set forth above.

OBLIGOR:

CITY AND COUNTY OF SAN FRANCISCO

By: _____
London N. Breed
Mayor

CERTIFICATE OF AUTHENTICATION

This Multifamily Note is issued under the provisions of and described in the within-mentioned Funding Loan Agreement.

Date of Authentication: _____

[Fiscal Agent], as Fiscal Agent

By: _____
Authorized Signatory

EXHIBIT B-1

FORM OF REQUIRED TRANSFEREE REPRESENTATIONS LETTER (FUNDING LOAN)

[Closing Date]

City and County of San Francisco
San Francisco, California

The undersigned, as holder (the “Holder”) of a loan (the “Funding Loan”) in the maximum amount of \$[2021D PAR] from U.S. BANK NATIONAL ASSOCIATION (the “Funding Lender Representative”) to CITY AND COUNTY OF SAN FRANCISCO (the “Governmental Lender”) pursuant to a Funding Loan Agreement dated as of August 1, 2021 (the “Funding Loan Agreement”) among the Funding Lender Representative, [Fiscal Agent], as Fiscal Agent and the Governmental Lender (the “Funding Loan”) evidenced by the City and County of San Francisco Multifamily Housing Revenue Note (Ambassador Ritz 4%) Series 2021D (the “Governmental Lender Note”), or an interest therein, hereby represents that:

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

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

3. The Holder is an Approved Transferee

4. The Holder acknowledges that it is purchasing [an interest in] the Funding Loan for investment for its own account and not with a present view toward resale or the distribution thereof, in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the Funding Loan; provided, however, that the Holder may sell or transfer the Governmental Lender Note and the Funding Loan as provided in Section 2.4 of the Funding Loan Agreement.

5. In the event any placement memorandum that is prepared and provided to any subsequent buyer or beneficial owner of such portion of the Funding Loan will disclose information with respect to the Governmental Lender other than its name, location and type of political subdivision and general information with respect to the Funding Loan and the Borrower Loan and related documents, the Holder will provide the Governmental Lender with a draft of such placement memorandum and the Governmental Lender shall have the right to approve any description of the Governmental Lender therein (which approval shall not be unreasonably withheld).

6. The Holder understands that the Governmental Lender Note is not registered under the Securities Act of 1933, as amended, and that such registration is not legally required as of the date hereof;

and further understands that the Governmental Lender Note (a) is not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating service and (d) will be delivered in a form which may not be readily marketable.

7. The Holder understands that (a) the Funding Loan is not secured by any pledge of any moneys received or to be received from taxation by the Governmental Lender, the State of California or any political subdivision thereof, (b) the Funding Loan does not and will not represent or constitute a general obligation or a pledge of the faith and credit of the Governmental Lender, the State of California or any political subdivision thereof; and (c) the liability of the Governmental Lender with respect to the Funding Loan is limited to the Pledged Security as set forth in the Funding Loan Agreement.

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

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

[Remainder of page intentionally left blank.]

[Signature Page to Required Transferee Representations Letter]

[_____], as Holder

By _____
Name _____
Its _____

EXHIBIT B-2

FORM OF REQUIRED TRANSFEREE REPRESENTATIONS LETTER (BORROWER LOAN)

[DATE]

City and County of San Francisco
San Francisco, California

[Fiscal Agent]
[City, State]

Pursuant to that certain Funding Loan Agreement dated as of August 1, 2021 (the “Funding Loan Agreement”) among U.S. Bank National Association, as Funding Lender Representative (the “Funding Lender Representative”), [Fiscal Agent] as Fiscal Agent (the “Fiscal Agent”), and the City and County of San Francisco, as Governmental Lender (the “Governmental Lender”), evidenced by the City and County of San Francisco Multifamily Housing Revenue Note (Ambassador Ritz 4%) Series 2021D (the “Governmental Lender Note”), the Funding Lender Representative has made a loan in the principal amount of [_____] Dollars (\$[2021D PAR]) (the “Funding Loan”) to the Governmental Lender. Pursuant to that certain Borrower Loan Agreement (the “Borrower Loan Agreement”) dated as of August 1, 2021, and executed by and among Ambassador Ritz Four Percent, L.P., a California limited partnership (the “Borrower”), the Governmental Lender, and the Fiscal Agent, the Governmental Lender has made a loan in the principal amount of [_____] Dollars (\$[2021D PAR]) (the “Borrower Loan”) to the Borrower of the proceeds of the Funding Loan. The Borrower Loan is evidenced by the Borrower Note (as defined below) executed by Borrower in favor of the Governmental Lender in the aggregate principal amount of the Borrower Loan, and is further evidenced by the documents described in the Borrower Loan Agreement as the “Loan Documents.” The Borrower Note is secured by, among other things, the Deed of Trust (as defined below), encumbering the Borrower’s interest in the Property. Pursuant to the Assignment of Deed of Trust (as defined below), the rights of the Governmental Lender in and to the Borrower Loan Agreement, the Borrower Note and the Deed of Trust (except for the Unassigned Rights) have been assigned by the Governmental Lender to the Fiscal Agent. Capitalized terms used but not defined in this Required Transferee Representations Letter shall have the meanings given in the Funding Loan Agreement.

In connection with the purchase of the Borrower Loan by the Transferee, the Transferee makes the following representations upon which you may rely:

1. The Transferee has all requisite authority to purchase the Borrower Loan and to execute this letter and any other instruments and documents required to be executed by the Transferee in connection with the purchase of the Borrower Loan.
2. The Transferee is an Approved Transferee.
3. The Borrower Loan is being acquired by the Transferee for investment and not with a view to, or for resale in connection with, any distribution of the Borrower Loan, and the Transferee intends to hold the Borrower Loan for its own account and for an indefinite period of time. The Transferee understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.
4. The Transferee understands that the Borrower Loan (a) is not registered under the Securities Act of 1933 nor is it being registered or otherwise qualified for sale under the “Blue Sky” laws

and regulations of any state and that any exemption from federal or state securities registration requirements for which the Funding Loan was eligible may not extend to the Borrower Loan or the Borrower Note; (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating service and (d) will be delivered in a form which is not be readily marketable. The Transferee acknowledges and agrees that the Governmental Lender is not the issuer of the Borrower Loan, and that the Transferee is solely responsible for compliance with applicable securities laws relative to its purchase of the Borrower Loan and any subsequent transfer of the Borrower Loan pursuant to the terms of the Borrower Loan Agreement and the Borrower Note.

5. The Transferee understands that (a) the Borrower Loan is not secured by any pledge of any moneys received or to be received from taxation by the Governmental Lender, the State of California or any political subdivision thereof, (b) the Borrower Loan does not and will not represent or constitute any debt, obligation or pledge of the faith and credit of the Governmental Lender, the State of California or any political subdivision thereof; and (c) the Governmental Lender has no liability with respect to the Borrower Loan, which is solely an obligation and liability of the Borrower. The Transferee acknowledges and agrees that interest on the Borrower Loan or the Borrower Note is not exempt from federal or state income taxes and that any opinions issued with respect to the Funding Loan relative to the status of interest on the Funding Loan do not extend to the status of interest on the Borrower Loan or the Borrower Note, about which Note Counsel has expressed no opinion.

6. The Transferee has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and the Transferee has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Borrower, the Project and the Borrower Loan. The Transferee has not relied upon the Governmental Lender for any information in connection with its purchase of the Borrower Loan.

7. The Transferee acknowledges that neither the Governmental Lender nor the Borrower has prepared an offering document with respect to the Borrower Loan.

8. The Transferee has made its own inquiry and analysis with respect to the Borrower Loan and the security therefor, and other material factors affecting the security and payment of the Borrower Loan. The Transferee is aware that the business of the Borrower involves certain economic variables and risks that could adversely affect the security for the Borrower Loan.

9. The Transferee acknowledges and agrees that, as provided in the Borrower Loan Agreement, it may sell, assign or transfer the Borrower Loan only to a single investor that, the Borrower Loan may only be transferred in its entirety, and that none of the Loan Documents may be transferred independently of any other Loan Document.

10. The Transferee agrees to indemnify and hold harmless the Governmental Lender with respect to any claim asserted against the Governmental Lender that is based upon the sale, transfer or disposition of the Borrower Loan by the Transferee other than as permitted herein pursuant to the Borrower Loan Agreement.

11. Subject to the exceptions set forth in the Funding Loan Agreement, the Transferee acknowledges that the owner thereof has the right to sell and transfer the Governmental Lender Note, in accordance with the terms of the Funding Loan Agreement, subject to the delivery to the Fiscal Agent of an letter from the transferee in substantially the form attached to the Funding Loan Agreement as Exhibit B-1, with no revisions except as may be approved in writing by the Governmental Lender. The Transferee

acknowledges that any sale or transfer of its participation interest in the Bonds is subject to its participation agreements with the owner of the Funding Loan, and that any such sale or transfer would also require the deliver of a letter as described in the preceding sentence.

12. The Transferee acknowledges that neither its purchase of a participation interest in the Funding Loan nor this Transferee Letter create any privity or contractual relationship between or among the Governmental Lender, the Fiscal Agent and the Transferee, or between or among any of them. The Transferee acknowledges that its recourse for any default under its participation interest must be made against the registered owner of the Funding Loan, and not against the Governmental Lender, the Fiscal Agent, the Borrower or the Project.

13. The Transferee acknowledges that, pursuant to the Funding Loan Agreement, the Governmental Lender, the Fiscal Agent and any other Person may treat the registered owner of any Note as the absolute owner thereof, whether such Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or redemption price of and interest on such Note and for all other purposes whatsoever, and payment of the principal or redemption price, if any, of and interest on any such Note shall be made only to, or upon the order of, such registered owner. All such payments to such registered owner shall be valid and effectual to satisfy and discharge the liability of the Governmental Lender upon such Note to the extent of the sum or sums so paid, and neither the Governmental Lender nor any Fiscal Agent shall be affected by any notice to the contrary.

Very truly yours,

[_____]

By _____

Name _____

Title _____

EXHIBIT C

**FORM OF WRITTEN REQUISITION
(Project Fund)**

Draw # _____

[Fiscal Agent]
[City, State]

Re: City and County of San Francisco Multifamily Housing Revenue Note (Ambassador Ritz 4%) Series 2021D

This requisition (“Requisition”) is being delivered to you in accordance with the Funding Loan Agreement dated as of August 1, 2021 (the “Funding Loan Agreement”) among U.S. Bank National Association (the “Funding Lender Representative”), the City and County of San Francisco (the “Governmental Lender”) and [Fiscal Agent], as Fiscal Agent (the “Fiscal Agent”) pursuant to which the above-referenced note (the “Governmental Lender Note”) was executed and delivered. Capitalized terms not defined herein shall have the meanings assigned thereto in the Funding Loan Agreement.

1. You are requested to disburse funds in the amount of [\$ _____] from the Note Proceeds Account and [\$ _____] from the Borrower Equity Account of the Project Fund as Draw [# _____] pursuant to Section 7.7 of the Funding Loan Agreement in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference.

2. The undersigned certifies that:

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

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

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

(iv) the amounts included in this Requisition to be funded from the Note Proceeds Account of the Project Fund contains no items representing any Costs of Funding or any other amount constituting an issuance cost under Section 147(g) of the Code;

(v) payment of the costs included in this Requisition will not violate any representation, warranty or covenant of the Borrower in the Borrower Loan Agreement, the Regulatory Agreement or the Tax Certificate;

(vi) not less than ninety five percent (95%) of the sum of: (a) the amounts included in this Requisition to be funded from the Note Proceeds Account of the Project Fund plus (b) all amounts previously disbursed from the Note Proceeds Account of the Project Fund have been or will be applied by the Borrower to pay Qualified Project Costs;

(vii) the Borrower acknowledges that fees, charges or profits (including, without limitation, developer fees) payable to the Borrower or a “related person” (within the meaning of Section 144(a)(3) of the Code) are not deemed to be Qualified Project Costs; and

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

Dated: [Date]

BORROWER:

Ambassador Ritz Four Percent, L.P.,
a California limited partnership

By: Ambassador Ritz Four Percent GP LLC,
a California limited liability company, its
general partner

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

By: _____
Donald S. Falk, Chief Executive Officer

Approved by the Funding Lender Representative:

U.S. BANK NATIONAL ASSOCIATION

By: _____

Title: _____

Date: _____

EXHIBIT D
CLOSING COSTS REQUISITION

[Fiscal Agent]
[FISCAL AGENT ADDRESS]

Re: City and County of San Francisco Multifamily Housing Revenue Note
(Ambassador Ritz 4%) Series 2021D

The undersigned, an authorized representative of Ambassador Ritz Four Percent, L.P., a California limited partnership (the “Borrower”), hereby certifies to you that he/she is authorized and empowered to submit this requisition to you and that attached hereto as Schedule “A” is a schedule of issuance costs incurred in connection with the closing of the funding loan evidenced by the above described Multifamily Housing Revenue Note (the “Governmental Lender Note”), including the names and addresses of the payees and the specific amounts payable to each such payee, and that to the best of the undersigned’s information and belief, such amounts are true and correct.

This requisition is being delivered to you in accordance with the Funding Loan Agreement dated as of August 1, 2021 (the “Funding Loan Agreement”) among U.S. Bank National Association (the “Funding Lender Representative”), the City and County of San Francisco (the “Governmental Lender”) and [Fiscal Agent], as Fiscal Agent (the “Fiscal Agent”) pursuant to which the Governmental Lender Note was issued and delivered. You are hereby instructed to withdraw from the Closing Costs Fund created under the Funding Loan Agreement the amounts shown across from each payee listed on Schedule “A” hereto and pay such amounts to each such payee by wire transfer or by such other means as is acceptable to you and any such payee.

Dated: [Date]

Very truly yours,

[Signature Page follows]

Ambassador Ritz Four Percent, L.P.,
a California limited partnership

By: Ambassador Ritz Four Percent GP LLC,
a California limited liability company, its
general partner

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

By: _____
Donald S. Falk, Chief Executive Officer

Approved by the Funding Lender Representative:

U.S. BANK NATIONAL ASSOCIATION

By: _____
Title: _____
Date: _____

SCHEDULE "A"

Note: \$[2021D PAR] City and County of San Francisco Multifamily Revenue
Note (Ambassador Ritz 4%) Series 2021D

Payee:

Amount:

Method of Payment:

Description of Expense:

EXHIBIT E

INITIAL DEPOSITS AT CLOSING

| Source | Note Proceeds Account | Capitalized Interest Account | Borrower Equity Account | Closing Costs Fund | Expense Account | Total |
|---------------|-----------------------|------------------------------|-------------------------|--------------------|-----------------|-------|
| Note Proceeds | [MINIMUM \$55,000] | | | | | |
| Equity | | | | | | |
| Total | | | | | | |

EXHIBIT F

CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS

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

1. Nondiscrimination; Penalties.

(a) *Nondiscrimination in Contracts.* Contractor shall comply with the provisions of Chapters 12B and 12C of the San Francisco Administrative Code. Contractor shall incorporate by reference in any subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require any subcontractors to comply with such provisions. Contractor is subject to the enforcement and penalty provisions in Chapters 12B and 12C.

(b) *Nondiscrimination in the Provision of Employee Benefits.* *San Francisco Administrative Code 12B.2.* Contractor does not as of the date of this Funding Loan Agreement, and will not during the term of this Funding Loan Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of employee benefits between employees with domestic partners and employees with spouses and/or between the domestic partners and spouses of such employees, subject to the conditions set forth in San Francisco Administrative Code Section 12B.2.

2. MacBride Principles—Northern Ireland. The provisions of San Francisco Administrative Code §12F are incorporated by this reference and made part of this Funding Loan Agreement. By entering into this Funding Loan Agreement, Contractor confirms that it has read and understood that the City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

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

4. Alcohol and Drug-Free Workplace. The City reserves the right to deny access to, or require Contractor to remove from, City facilities personnel of Contractor who the City has reasonable grounds to believe has engaged in alcohol abuse or illegal drug activity which in any way impairs the City's ability to maintain safe work facilities or to protect the health and well-being of City employees and the general public. The City shall have the right of final approval for the entry or re-entry of any such person previously denied access to, or removed from, City facilities. Illegal drug activity means possessing, furnishing, selling, offering, purchasing, using or being under the influence of illegal drugs or other controlled substances for which the individual lacks a valid prescription. Alcohol abuse means possessing, furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol.

5. Compliance with Americans with Disabilities Act. Contractor shall provide the services specified in this Funding Loan Agreement in a manner that complies with the Americans with Disabilities Act (ADA), including but not limited to Title II's program access requirements, and all other applicable federal, state and local disability rights legislation.

6. Sunshine Ordinance. Contractor acknowledges that this Funding Loan Agreement and all records related to its formation, Contractor's performance under this Funding Loan Agreement, and the City's payment are subject to the California Public Records Act, (California Government Code §6250 et. seq.), and the San Francisco Sunshine Ordinance, (San Francisco Administrative Code Chapter 67). Such records are subject to public inspection and copying unless exempt from disclosure under federal, state or local law.

7. Limitations on Contributions. By executing this Funding Loan Agreement, Contractor acknowledges its obligations under section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with, or is seeking a contract with, any department of 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, for a grant, loan or loan guarantee, or for a development agreement, from making any campaign contribution to (i) a City elected official if the contract must be approved by that official, a board on which that official serves, or the board of a state agency on which an appointee of that official serves, (ii) a candidate for that City elective office, or (iii) a committee controlled by such elected official or a candidate for that office, at any time from the submission of a proposal for the contract until the later of either the termination of negotiations for such contract or twelve months after the date the City approves the contract. 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 10% in Contractor; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Contractor. Contractor certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

8. Requiring Minimum Compensation for Covered Employees. If Administrative Code Chapter 12P applies to this Funding Loan Agreement, Contractor shall pay covered employees no less than the minimum compensation required by San Francisco Administrative Code Chapter 12P, including a minimum hourly gross compensation, compensated time off, and uncompensated time off. Contractor is subject to the enforcement and penalty provisions in Chapter 12P. Information about and the text of the Chapter 12P is available on the web at <http://sfgov.org/olse/mco>. Contractor is required to comply with all of the applicable provisions of 12P, irrespective of the listing of obligations in this Section. By signing and executing this Funding Loan Agreement, Contractor certifies that it complies with Chapter 12P.

9. Requiring Health Benefits for Covered Employees. If Administrative Code Chapter 12Q applies to this Funding Loan Agreement, Contractor shall comply with the requirements of Chapter 12Q. 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. Information about and the text of the Chapter 12Q, as well as the Health Commission's minimum standards, is available on the web at <http://sfgov.org/olse/hcao>. Contractor is subject to the enforcement and penalty provisions in Chapter 12Q. Any subcontract entered into by Contractor shall require any subcontractor with 20 or more employees to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section.

10. Prohibition on Political Activity with City Funds. In performing under this Funding Loan Agreement, Contractor shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Funding Loan Agreement from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. Contractor is subject to the enforcement and penalty provisions in Chapter 12G.

11. Nondisclosure of Private, Proprietary or Confidential Information. If this Funding Loan Agreement requires the City to disclose “Private Information” to Contractor within the meaning of San Francisco Administrative Code Chapter 12M, Contractor shall use such information consistent with the restrictions stated in Chapter 12M and in this Funding Loan Agreement and only as necessary in performing the services provided under this Funding Loan Agreement. Contractor is subject to the enforcement and penalty provisions in Chapter 12M.

In the performance of services provided under this Funding Loan Agreement, Contractor may have access to the City’s proprietary or confidential information, the disclosure of which to third parties may damage the City. If the City discloses proprietary or confidential information to Contractor, such information must be held by Contractor in confidence and used only in performing this Funding Loan 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 or confidential information.

12. Consideration of Criminal History in Hiring and Employment Decisions. Contractor agrees to comply fully with and be bound by all of the provisions of Chapter 12T, “City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions,” of the San Francisco Administrative Code (“Chapter 12T”), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Funding Loan Agreement. The text of Chapter 12T is available on the web at <http://sfgov.org/olse/fco>. A partial listing of some of Contractor’s obligations under Chapter 12T is set forth in this Section. Contractor is required to comply with all of the applicable provisions of Chapter 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Funding Loan Agreement shall have the meanings assigned to such terms in Chapter 12T.

The requirements of Chapter 12T shall only apply to Contractor’s operations to the extent those operations are in furtherance of the performance of this Funding Loan Agreement, shall apply only to applicants and employees who would be or are performing work in furtherance of this Funding Loan Agreement, and shall apply when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco which excludes Airport property. Chapter 12T shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

13. Reserved

14. Submitting False Claims; Monetary Penalties. The full text of San Francisco Administrative Code § 21.35, including the enforcement and penalty provisions, is incorporated into this Funding Loan Agreement. Under San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

15. Conflict of Interest. By entering into this Funding Loan Agreement, Contractor certifies that it does not know of any fact which constitutes a violation of Section 15.103 of the City’s Charter;

Article III, Chapter 2 of City's Campaign and Governmental Conduct Code; Title 9, Chapter 7 of the California Government Code (Section 87100 *et seq.*), or Title 1, Division 4, Chapter 1, Article 4 of the California Government Code (Section 1090 *et seq.*), and further agrees promptly to notify the City if it becomes aware of any such fact during the term of this Funding Loan Agreement.

16. Food Service Waste Reduction Requirements. Contractor shall comply with the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including but not limited to the provided remedies for noncompliance.

17. Distribution of Beverages and Water. Contractor agrees that it will not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by San Francisco Administrative Code Chapter 101, as part of its performance of this Funding Loan Agreement. Contractor agrees that it shall not sell, provide or otherwise distribute Packaged Water, as defined by San Francisco Environment Code Chapter 24, as part of its performance of this Funding Loan Agreement.

18. Consideration of Salary History. Contractor shall comply with San Francisco Administrative Code Chapter 12K, the Consideration of Salary History Ordinance or "Pay Parity Act." Contractor is prohibited from considering current or past salary of an applicant in determining whether to hire the applicant or what salary to offer the applicant to the extent that such applicant is applying for employment to be performed on this Funding Loan Agreement or in furtherance of this Funding Loan Agreement, and whose application, in whole or part, will be solicited, received, processed or considered, whether or not through an interview, in the City or on City property. The ordinance also prohibits employers from (1) asking such applicants about their current or past salary or (2) disclosing a current or former employee's salary history without that employee's authorization unless the salary history is publicly available. Contractor is subject to the enforcement and penalty provisions in Chapter 12K. Information about and the text of Chapter 12K is available on the web at <https://sfgov.org/olse/consideration-salary-history>. Contractor is required to comply with all of the applicable provisions of 12K, irrespective of the listing of obligations in this Section.

19. Laws Incorporated by Reference. The full text of the laws listed in this Appendix A, including enforcement and penalty provisions, are incorporated into this Funding Loan Agreement by reference. The full text of the San Francisco Municipal Code provisions incorporated by reference in this Appendix A are available at http://www.amlegal.com/codes/client/san-francisco_ca/

20. First Source Hiring Program. Contractor must comply with all of the provisions of the First Source Hiring Program, Chapter 83 of the San Francisco Administrative Code, that apply to this Funding Loan Agreement, and Contractor is subject to the enforcement and penalty provisions in Chapter 83.

21. Prevailing Wages. Services to be performed by Contractor under this Funding Loan Agreement may involve the performance of trade work covered by the provisions of Section 6.22(e) or Section 21C of the Administrative Code (collectively, "Covered Services"). The provisions of Section 6.22(e) and Section 21C of the Administrative Code are incorporated as provisions of this Funding Loan Agreement as if fully set forth herein and will apply to any Covered Services performed by Contractor.

EXHIBIT G

FORM OF ASSUMPTION AND RELEASE CERTIFICATE

ASSUMPTION CERTIFICATE AND RELEASE CERTIFICATE

THIS ASSUMPTION AND RELEASE CERTIFICATE (this “Assumption and Release Certificate”) is made and entered into and dated as of [Dated Date], by and between U.S. Bank National Association, a national banking association, in its capacity as Funding Lender Representative (the “Funding Lender Representative”) and [ADDITIONAL FUNDING LENDER NAME], a [ENTITY TYPE], in its capacity as Additional Funding Lender (the “Additional Funding Lender”) as defined in that certain Funding Loan Agreement, dated as of [August 1, 2021] (the “Funding Loan Agreement”), by and among the Funding Lender Representative, the City and County of San Francisco, a municipal corporation, duly organized and existing under the laws of the State of California, as governmental lender (the “Governmental Lender) and [FISCAL AGENT], a national banking association, organized and operating under the laws of the United States of America, as fiscal agent (the “Fiscal Agent”), relating to the Project. Capitalized terms used and not otherwise defined herein shall have the meaning given such term in the Funding Loan Agreement.

RECITALS

A. Pursuant to and in accordance with Section 2.5 of the Funding Loan Agreement, a portion of the Funding Loan may be purchased by and transferred to the Additional Funding Lender.

B. In connection with such purchase, sale and transfer, the initial Governmental Note may be exchanged for an Additional Construction Phase Note representing the portion of the Funding Loan purchased by and transferred to the Additional Funding Lender, together with an exchanged Government Note representing the balance of the Funding Loan thereafter owned by the Funding Lender Representative.

C. In connection with such purchase, transfer and exchange and this Assumption and Release Certificate, (i) the Funding Lender Representative and the Additional Funding Lender will make certain representations, warranties and covenants hereunder, (ii) the Additional Funding Lender will assume the duties and obligations of the Funding Lender Representative under the Funding Loan Agreement and the [Funding Loan Documents] from and after the date of such purchase, sale and transfer (the “Purchase Date”) with respect to the portion of the Funding Loan purchased by the Additional Funding Lender and release the Funding Lender Representative from the duties and obligations of the Additional Funding Lender under the Funding Loan Agreement and the Funding Loan Documents hereby assumed, and (iii) a Co-Lender Agreement, dated the date hereof, by and among the Funding Lender Representative, the Funding Lender Representative and the Additional Funding Lender, as acknowledge and agreed to by the Borrower (the “Co-Lender Agreement”) will be executed and delivered.

NOW, THEREFORE, in consideration of the premises hereof and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Representations, Warranties and Covenants of the Additional Funding Lender. The Additional Funding Lender makes the following representations and warranties for the benefit of the Borrower, the Fiscal Agent, Governmental Lender and the Servicer.

- (a) the Additional Funding Lender is unrelated to the Investor Limited Partner; and
- (b) the Additional Funding Lender is a “Qualified Institutional Buyer” as such term is defined in the Funding Loan Agreement and has delivered to the Fiscal Agent and the Governmental Lender an executed Required Transferee Representations Letter dated the Purchase Date.

Section 2. Representations, Warranties and Covenants of the Funding Lender Representative and the Additional Funding Lender. The Funding Lender Representative and the Additional Funding Lender make the following representations, warranties for the benefit of the Borrower, the Fiscal Agent, Governmental Lender and the Servicer.

- (a) the Applicable Funding Percentage purchased and transferred to the Additional Funding Lender is [__]% of the Funding Loan (which is less than [MAXIMUM PERCENTAGE PERMITTED BY FLA]% of the Funding Loan) and the balance thereof retained by the Funding Lender Representative is [__]% of the Funding Loan (which is [PERMITTED BALANCE]% or greater of the Funding Loan);
- (b) the purchase price of the portion of the Funding Loan transferred to the Additional Funding Lender is \$[_____], which represents 100% of the par amount of such Applicable Funding Percentage of the Funding Loan advanced by the Funding Lender Representative prior to the Purchase Date in the amount of \$[_____], plus interest accrued on such portion to the date of purchase in the amount of \$[_____], without premium or discount; and
- (c) the accrued interest owed to the Funding Lender Representative on the Purchase Date has been either paid on such date as provided in 2(b) above, or the Funding Lender Representative has confirmed in writing that it will be solely responsible for prorating the accrued and unpaid interest as between the Funding Lender Representative and the Additional Funding Lender.

Section 3. Assumption of Duties and Obligations of Additional Funding Lender; Release of Funding Lender Representative of such Duties and Obligations. From and after the Purchase Date, (i) the Additional Funding Lender hereby fully and unconditionally assumes in full all of the duties and obligations of the Funding Lender Representative arising from and after the Purchase Date under the Funding Loan Agreement and the Funding Loan Documents with respect to the portion of the Funding Loan purchased by and transferred to the Additional Funding Lender and undertakes and agrees to perform each and every duty and obligation of the “Additional Funding Lender” (as such term is defined in the Funding Loan Agreement) thereunder, and (ii) the Funding Lender Representative shall, upon such assumption, be released from all duties and obligations of

the Additional Funding Lender under the under the Funding Loan Agreement and the Funding Loan Documents hereby assumed.

Section 4. Co-Lender Agreement. Concurrently herewith, Funding Lender Representative, the Funding Lender Representative and the Additional Funding Lender, [as acknowledged and agreed to by the Borrower], are entering into the Co-Lender Agreement, which is attached hereto as Attachment A. The parties hereto agree that no provision of the Co-Lender Agreement shall have the effect of modifying the terms of the Funding Loan Agreement or adversely affect any rights or responsibilities of the Governmental Lender without the prior written consent of the Governmental Lender. In the event of any conflict between the Funding Loan Agreement and the Co-Lender Agreement which would adversely affect the rights or responsibilities of Governmental Lender, the Funding Loan Agreement shall control.

Section 5. Execution in Several Counterparts. This Assumption and Release Certificate may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Governmental Lender and the Fiscal Agent shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 6. Effective Date. This Assumption and Certificate shall be dated for convenience of reference as of [____], but shall become effective upon (i) the satisfaction or waiver in writing of the conditions set forth in Section 2.5 of the Funding Loan Agreement by the Governmental Lender, the Fiscal Agent and/or the Funding Lender Representative, as applicable, which written waiver shall be attached hereto, and (ii) the occurrence of the Purchase Date.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Funding Lender Representative and the Additional Funding Lender have caused this Assumption and Release Certificate to be executed and delivered by duly authorized officers thereof as of the day and year first written above.

U.S. BANK NATIONAL ASSOCIATION, as
Funding Lender Representative

By: _____
Name:
Title:

[NAME OF ADDITIONAL FUNDING
LENDER],

as Additional Funding Lender

By:

Name:

Title:

BORROWER LOAN AGREEMENT

Among

**CITY AND COUNTY OF SAN FRANCISCO,
as Governmental Lender,**

**[FISCAL AGENT],
as Fiscal Agent**

and

**AMBASSADOR RITZ FOUR PERCENT, L.P.,
a California Limited Partnership
as Borrower**

Dated as of August 1, 2021

Relating to:

**§[2021D PAR]
CITY AND COUNTY OF SAN FRANCISCO
MULTIFAMILY HOUSING REVENUE NOTE
(AMBASSADOR RITZ 4%) SERIES 2021D**

The interest of the Governmental Lender in this Borrower Loan Agreement (except for certain rights described herein) has been pledged and assigned to U.S. Bank National Association, a national banking association, as Funding Lender Representative (the “Funding Lender Representative”), under that certain Funding Loan Agreement, of even date herewith, by and among City and County of San Francisco, a municipal corporation (the “Governmental Lender”), [FISCAL AGENT], a national banking association, as Fiscal Agent and the Funding Lender Representative, under which the Funding Lender Representative is originating a loan to the Governmental Lender the proceeds of which are to be used to fund the Borrower Loan made under this Borrower Loan Agreement.

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BORROWER LOAN AGREEMENT

This Borrower Loan Agreement, dated as of August 1, 2021 (this “*Borrower Loan Agreement*”) is entered into among the **City and County of San Francisco**, a municipal corporation, duly organized and existing under the laws of the State of California (together with its successors and assigns, the “*Governmental Lender*”), [FISCAL AGENT], a national banking association (together with any successor or assign, the “*Fiscal Agent*”), and **Ambassador Ritz Four Percent, L.P.**, a California limited partnership (together with its successors and assigns, the “*Borrower*”).

RECITALS

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

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

WHEREAS, the Borrower has applied to the Governmental Lender for a loan (the “*Borrower Loan*”), for the acquisition, rehabilitation and development of a 187-unit (including zero manager’s units) multifamily residential rental development located on two Project Sites in the City and County of San Francisco, known or to be known collectively as Ambassador Ritz Apartments; and

WHEREAS, the Borrower’s repayment obligations under this Borrower Loan Agreement are evidenced by the Borrower Note, as defined herein; and

WHEREAS, the Borrower has requested the Governmental Lender to enter into that certain Funding Loan Agreement, of even date herewith (the “*Funding Loan Agreement*”), among the Governmental Lender, the Fiscal Agent and U.S. Bank National Association, a national banking association (“*Initial Funding Lender Representative*” and together with any successor hereunder, the “*Funding Lender Representative*”), under which the Funding Lender Representative will make a loan (the “*Funding Loan*”) to the Governmental Lender, the proceeds of which will be loaned under this Borrower Loan Agreement to the Borrower to finance the acquisition, rehabilitation, development and equipping of the Project (as defined below); and

WHEREAS, the Borrower Loan is secured by, among other things, that certain [Deed of Trust, with Assignment of Rents, Security Agreement, and Fixture Filing] dated as of [August 1, 2021] (as amended, restated and/or supplemented from time to time, the “*Security Instrument*”) executed by the Borrower, and assigned to the Funding Lender Representative to secure the Funding Loan, encumbering

the Project, and will be advanced to the Borrower pursuant to this Borrower Loan Agreement, the Funding Loan Agreement and the Construction Funding Agreement.

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

ARTICLE I

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1 Specific Definitions. For all purposes of this Borrower Loan Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) Unless specifically defined herein, all capitalized terms shall have the meanings ascribed thereto in the Security Instrument or, if not defined in the Security Instrument, in the Funding Loan Agreement.

(b) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with GAAP.

(c) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

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

(e) Unless otherwise specified, (i) all references to sections and schedules are to those in this Borrower Loan Agreement, (ii) the words “hereof,” “herein” and “hereunder” and words of similar import refer to this Borrower Loan Agreement as a whole and not to any particular provision, (iii) all definitions are equally applicable to the singular and plural forms of the terms defined and (iv) the word “including” means “including but not limited to.”

Section 1.2 Definitions. The following terms, when used in this Borrower Loan Agreement (including when used in the above recitals), shall have the following meanings:

“**Act**” shall have the meaning set forth in the recitals to this Borrower Loan Agreement.

“**Act of Bankruptcy**” shall mean the filing of a petition in bankruptcy (or any other commencement of a bankruptcy or similar proceeding) under any applicable bankruptcy, insolvency, reorganization, or similar law, now or hereafter in effect; provided that, in the case of an involuntary proceeding, such proceeding is not dismissed within ninety (90) days after the commencement thereof.

“**ADA**” shall have the meaning set forth in Section 4.1.38 hereof.

“**Additional Borrower Payments**” shall mean all payments payable pursuant to Section 2.5 (Additional Borrower Payments), Section 2.6 (Overdue Payments; Payments in Default), and Section 5.14 (Expenses) of this Borrower Loan Agreement; Section 2.1 of the Funding Loan Agreement; Sections 1.2, 2.8, 2.23, 2.28 and 7.8 of the Construction Funding Agreement; and Section 5 (Prepayments) of the Borrower Note (Voluntary and Involuntary Prepayments).

“Agreement of Environmental Indemnification” shall mean the Environmental Indemnification and Release Agreement, of even date herewith, executed by the Borrower and the Guarantor for the benefit of the Funding Lender Representative, the Servicer, the Fiscal Agent, the Governmental Lender and each of their respective successors and assigns.

“Architect” shall mean any licensed architect, space planner or design professional that the Borrower may engage from time to time, with the Written Approval of the Funding Lender Representative, to design any portion of the Improvements, including the preparation of the Plans and Specifications.

“Architect’s Agreement” means any agreement that the Borrower and any Architect from time to time may execute pursuant to which the Borrower engages such Architect to design any portion of the Improvements, including the preparation of the Plans and Specifications, as approved by the Funding Lender Representative.

“Authorized Borrower Representative” shall mean a person at the time designated and authorized to act on behalf of the Borrower by a Written Certificate furnished to the Governmental Lender, the Funding Lender Representative, the Fiscal Agent and the Servicer and containing the specimen signature of such person and signed on behalf of the Borrower by its Borrower Controlling Entity which certificate may designate one or more alternates.

“Bankruptcy Event” shall mean the occurrence of any of the following: (i) if the Borrower, the General Partner, or any Guarantor files a voluntary petition in bankruptcy under Title 11 of the United States Code, or (ii) an order for relief shall be issued against any such Borrower, General Partner, or Guarantor in any involuntary petition in bankruptcy under Title 11 of the United States Code, or (iii) if the Borrower, the General Partner, or any Guarantor shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief of debtors, or (vi) if the Borrower, the General Partner, or any Guarantor shall seek or consent to or acquiesce in the appointment of any custodian, trustee, receiver, conservator or liquidator of the same, or of all or any substantial part of its respective property, or (v) if the Borrower, the General Partner, or any Guarantor shall make an assignment for the benefit of creditors, or (vi) if the Borrower, the General Partner, or any Guarantor shall give notice to any governmental authority or body of insolvency or pending insolvency or suspension of operation.

“Bankruptcy Proceeding” shall have the meaning set forth in Section 4.1.8 hereof.

“Beneficiary Parties” shall mean, collectively, the Funding Lender Representative, the Servicer and the Governmental Lender.

“Borrower” shall have the meaning set forth in the recitals to this Borrower Loan Agreement.

“Borrower Affiliate” means, as to the Borrower, a general partner or the Guarantor, (i) any entity that directly or indirectly owns, controls, or holds with power to vote, twenty percent (20%) or more of the outstanding voting securities of the Borrower, a general partner or the Guarantor, (ii) any corporation twenty percent (20%) or more of whose outstanding voting securities are directly or indirectly owned, controlled or held with power to vote by the Borrower, a general partner or the Guarantor, (iii) any partner, shareholder or, if a limited liability company, member of the Borrower, its general partner or the Guarantor, or (iv) any other person that is related (to the third degree of consanguinity) by blood or marriage to the Borrower, a general partner or the Guarantor (to the extent any of the Borrower, a general partner or the Guarantor is a natural person).

“Borrower Controlling Entity” shall mean any general partner or managing general partner of the Borrower.

“Borrower Loan” shall mean the mortgage loan made by the Governmental Lender to the Borrower pursuant to this Borrower Loan Agreement, in the maximum principal amount of the Borrower Loan Amount, as evidenced by the Borrower Note.

“Borrower Loan Agreement” shall mean this Borrower Loan Agreement, as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof.

“Borrower Loan Amount” shall mean \$[2021D PAR], the maximum principal amount of the Borrower Note.

“Borrower Loan Documents” shall mean this Borrower Loan Agreement, the Construction Funding Agreement, the [Supplemental Loan Agreement], the Borrower Note, the Security Instrument, the Agreement of Environmental Indemnification, the Guaranty, the Replacement Reserve Agreement, the Subordinate Loan Documents, and all other documents or agreements evidencing, securing, guarantying or relating to the Borrower Loan.

“Borrower Loan Payment Date” shall mean (i) the date upon which regularly scheduled Borrower Loan Payments are due pursuant to the Borrower Note, or (ii) any other date on which the Borrower Note is prepaid or paid, whether at the scheduled maturity, prepayment, upon the acceleration of the maturity thereof or otherwise.

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

“Borrower Loan Proceeds” shall mean proceeds of the Borrower Loan, to be disbursed in accordance with Section 2.10 of this Borrower Loan Agreement and the Construction Funding Agreement.

“Borrower Note” shall mean that certain Promissory Note dated as of the Closing Date in the original maximum principal amount of the Borrower Loan Amount made by the Borrower and payable to the Governmental Lender, as endorsed and assigned to the Funding Lender Representative, as it may be amended, supplemented or replaced from time to time.

“Borrower Payment Obligations” shall mean all payment obligations of the Borrower under the Borrower Loan Documents, including, but not limited to, the Borrower Loan Payments and the Additional Borrower Payments.

“Borrower Required Equity” shall mean (a) the Equity Contributions to be made by the Equity Investor to the Borrower pursuant to the Partnership Agreement, in accordance with the schedule [set forth in the Construction Funding Agreement] and subject to the terms of the Partnership Agreement, and (b) the General Partner Equity Contributions (as defined in the Construction Funding Agreement) in the amounts and on the schedule set forth in the Construction Funding Agreement.

“Business Day” shall mean any day other than (i) a Saturday or Sunday, or (ii) a day on which federally insured depository institutions in New York, New York, or the city where the Fiscal Agent is located, are authorized or obligated by law, regulation, governmental decree or executive order to be closed or (iii) in respect of actions to be taken by the Governmental Lender, a California state holiday.

“Calendar Month” shall mean each of the twelve (12) calendar months of the year.

“CC&R’s” shall mean any covenants, conditions, restrictions, maintenance agreements or reciprocal easement agreements affecting the Project or the Property.

“City” or **“County”** shall mean the City and County of San Francisco, California.

“Civil Asset Forfeiture Reform Act” means the Civil Asset Forfeiture Reform Act of 2000 (18 U.S.C. Sections 983 et seq.), as amended from time to time, and any successor statute.

“Closing Costs Fund” shall mean the Closing Costs Fund held by the Fiscal Agent created pursuant to the Funding Loan Agreement.

“Closing Date” means [Closing Date], the date that the initial Borrower Loan Proceeds are disbursed hereunder.

“Code” shall mean the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Collateral” shall mean all collateral described in (i) this Borrower Loan Agreement (including, without limitation, all property in which the Governmental Lender or the Funding Lender Representative is granted a security interest pursuant to any provision of this Borrower Loan Agreement or any other Borrower Loan Documents), (ii) the Security Instrument, or (iii) any other Security Document, which collateral shall include the Project, all of which collateral is pledged and assigned to the Funding Lender Representative under the Funding Loan Agreement to secure the Funding Loan.

“Commercial Master Lease” means the Commercial Master Lease entered into between the Borrower, as lessor, and Sponsor, as lessee, with respect to the commercial space located at the Project.

“Commercial Sublease” means a sublease of all or any portion of the commercial space at the Project pursuant to the Commercial Master Lease.

“Completion” shall have the meaning set forth in Section 5.25 hereof.

“Completion Date” shall have the meaning ascribed thereto in the Construction Funding Agreement.

“Computation Date” shall have the meaning ascribed thereto in Section 1.148-3(e) of the Regulations.

“Condemnation” shall mean any action or proceeding or notice relating to any proposed or actual condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Project, whether direct or indirect.

“Construction Contract” shall mean any agreement that the Borrower and any Contractor from time to time may execute pursuant to which the Borrower engages the Contractor to construct and/or rehabilitate any portion of the Improvements, as approved by the Funding Lender Representative.

“Construction Funding Agreement” means that certain Construction Funding Agreement of even date herewith, between the Servicer and the Borrower, pursuant to which the Borrower Loan will be advanced by the Funding Lender Representative (or the Servicer on its behalf), as agent of the Governmental Lender, to the Fiscal Agent for disbursement to the Borrower and setting forth certain provisions relating to disbursement of the Borrower Loan during construction, insurance and other matters, as such agreement may be amended, modified, supplemented and replaced from time to time.

“Construction Inspector” shall mean a third-party architect or engineer selected and retained by the Funding Lender Representative, at the cost and expense of the Borrower, to monitor the progress of construction/rehabilitation of the Project and to inspect the Improvements to confirm compliance with this Borrower Loan Agreement.

“Construction Phase Amount” shall mean \$[2021D PAR].

“Construction Schedule” shall mean a schedule of construction or rehabilitation progress with the anticipated commencement and completion dates of each phase of construction and the anticipated date and amounts of each Disbursement for the same, as approved by the Funding Lender Representative, as assignee of the Governmental Lender.

“Contractor” shall mean any licensed general contractor or subcontractor that the Borrower may directly engage from time to time, with the Written Approval of the Funding Lender Representative, to construct and/or rehabilitate any portion of the Improvements.

“Contractual Obligation” shall mean, for any Person, any debt or equity security issued by that Person, and any indenture, mortgage, deed of trust, contract, undertaking, instrument or agreement (written or oral) to which such Person is a party or by which it is bound, or to which it or any of its assets is subject.

“Controlled Substances Act” means the Controlled Substances Act (21 U.S.C. Sections 801 et seq.), as amended from time to time, and any successor statute.

“Cost Breakdown” shall mean the schedule of costs for the Improvements, as set forth in the Construction Funding Agreement and as the same may be amended from time to time with the Funding Lender Representative’s Written Consent.

“Costs of Funding” shall mean the Governmental Lender’s Closing Fee and the fees, costs, expenses and other charges incurred in connection with the funding of the Borrower Loan and the Funding Loan, the negotiation and preparation of the Funding Loan Documents and shall include, but shall not be limited to, the following: (i) counsel fees (including but not limited to Tax Counsel, counsel to the Governmental Lender, the Borrower’s counsel, the Funding Lender Representative’s counsel and the Fiscal Agent’s counsel); (ii) financial advisor fees incurred in connection with the closing of the Borrower Loan and the Funding Loan; (iii) certifying and authenticating agent fees and expenses related to funding of the Funding Loan; (iv) any recording fees; (v) any additional fees charged by the Governmental Lender; (vi) any Fiscal Agent Fees; and (vii) costs incurred in connection with the required public notices generally and costs of the public hearing.

“Costs of Funding Deposit” shall mean the amount required to be deposited by the Borrower with the Fiscal Agent into the Closing Costs Fund to pay Costs of Funding in connection with the closing of the Borrower Loan and the Funding Loan on the Closing Date.

“Cost of Improvements” shall mean the costs for the Improvements, as set forth on the Cost Breakdown.

“Date of Disbursement” shall mean the date of a Disbursement.

“Debt” shall mean, as to any Person, any of such Person’s liabilities, including all indebtedness (whether recourse and nonrecourse, short term and long term, direct and contingent), all committed and unfunded liabilities, and all unfunded liabilities, that would appear upon a balance sheet of such Person prepared in accordance with GAAP.

“Default Rate” shall have the meaning given to that term in the Borrower Note.

“Determination of Taxability” shall mean (i) a determination by the Commissioner or any District Director of the Internal Revenue Service, (ii) a private ruling or Technical Advice Memorandum concerning the Governmental Lender Note issued by the National Office of the Internal Revenue Service in which the Governmental Lender and the Borrower were afforded the opportunity to participate, (iii) a determination by any court of competent jurisdiction, (iv) the enactment of legislation or (v) receipt by the Funding Lender Representative, at the request of the Governmental Lender, the Borrower or the Funding Lender Representative, of an opinion of Tax Counsel, in each case to the effect that the interest on the Governmental Lender Note is includable in gross income for federal income tax purposes of any holder or any former holder of all or a portion of the Governmental Lender Note, other than a holder who is a “substantial user” of the Project or a “related person” (as such terms are defined in Section 147(a) of the Code); provided, however, that no such Determination of Taxability under clause (i) or (iii) shall be deemed to have occurred if the Governmental Lender (at the sole expense of the Borrower), the Funding Lender Representative (at the sole expense of the Borrower) or the Borrower is contesting such determination, has elected to contest such determination in good faith and is proceeding with all applicable dispatch to prosecute such contest until the earliest of (a) a final determination from which no appeal may be taken with respect to such determination, (b) abandonment of such appeal by the Governmental Lender or the Borrower, as the case may be, or (c) one (1) year from the date of initial determination.

“Developer” shall mean Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation.

“Developer Fee” shall mean the fees and/or compensation payable to the Developer pursuant to the Development Agreement, as defined in and of even date with the Partnership Agreement, between the Borrower and the Developer.

“Development Agreement” shall mean the Development Agreement dated as of [Closing Date] between the Borrower and the Developer relating to the development of the Project.

“Disbursement” shall mean a disbursement of the Borrower Loan Proceeds and Other Borrower Moneys pursuant to this Borrower Loan Agreement.

“Engineer” shall mean any licensed civic, structural, mechanical, electrical, soils, environmental or other engineer that the Borrower may engage from time to time, with the Written Approval of the Funding Lender Representative, to perform any engineering services with respect to any portion of the Improvements.

“Engineer’s Contract” shall mean any agreement that the Borrower and any Engineer from time to time may execute pursuant to which the Borrower engages the Engineer to perform any engineering services with respect to any portion of the Improvements, as approved by the Funding Lender Representative.

“Equipment” shall have the meaning given to the term “Personalty” in the Security Instrument.

“Equity Contributions” shall mean the Borrower Required Equity and any other equity to be contributed by the Equity Investor to the Borrower, in accordance with and subject to the terms of the Partnership Agreement.

“Equity Investor” U.S. Bancorp Community Development Corporation, a Minnesota corporation, as limited partner of the Borrower, and its permitted successors and assigns.

“ERISA” shall mean the Employment Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated hereunder.

“ERISA Affiliate” shall mean all members of a controlled group of corporations and all trades and business (whether or not incorporated) under common control and all other entities which, together with the Borrower, are treated as a single employer under any or all of Section 414(b), (c), (m) or (o) of the Code.

“Event of Default” shall mean any Event of Default set forth in Section 7.1 of this Borrower Loan Agreement. An Event of Default shall “exist” if a Potential Default shall have occurred and be continuing beyond any applicable cure period.

“Excess Revenues” shall mean, for any period, the net cash flow of the Borrower available for distribution to shareholders, members or partners (as the case may be) for such period, after the payment of all interest expense, the amortization of all principal of all indebtedness coming due during such period (whether by maturity, mandatory prepayment, acceleration or otherwise), the payment of all fees, costs and expenses on an occasional or recurring basis in connection with the Borrower Loan or the Funding Loan, the payment of all operating, overhead, ownership and other expenditures of the Borrower directly or indirectly in connection with the Project (whether any such expenditures are current, capital or extraordinary expenditures), and the setting aside of all reserves for taxes, insurance, water and sewer charges or other similar impositions, capital expenditures, repairs and replacements and all other amounts which the Borrower is required to set aside pursuant to any agreement, but excluding depreciation and amortization of intangibles.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Expenses of the Project” shall mean, for any period, the current expenses, paid or accrued, for the operation, maintenance and current repair of the Project, as calculated in accordance with GAAP, and shall include, without limiting the generality of the foregoing, salaries, wages, employee benefits, cost of materials and supplies, costs of routine repairs, renewals, replacements and alterations occurring in the usual course of business, costs and expenses properly designated as capital expenditures (e.g. repairs which would not be payable from amounts on deposit in any repair and replacement fund held pursuant to the Borrower Loan Documents), a property management fee or fees (however characterized) not to exceed three percent (3%) of Gross Income, costs of billings and collections, costs of insurance, and costs of audits. Expenses of the Project shall not include any payments, however characterized, on account of any subordinate financing in respect of the Project or other indebtedness, allowance for depreciation, amortization or other non-cash items, gains and losses or prepaid expenses not customarily prepaid.

“Fair Market Value” shall mean the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a

specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Fiscal Service, or (iv) the investment is an interest in any commingled investment fund in which the Governmental Lender and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of investment.

“**Fiscal Agent**” shall mean [FISCAL AGENT], a national banking association, in its capacity as the Fiscal Agent under the Funding Loan Agreement and this Borrower Loan Agreement, its successors and assigns.

“**Fiscal Agent Fees**” shall have the meaning set forth in the Funding Loan Agreement.

“**Fitch**” shall mean Fitch, Inc.

“**Funding Lender Representative**” shall mean U.S. Bank National Association, a national banking association, and any successor in its capacity of lender under the Funding Loan Agreement and the Borrower Loan Documents.

“**Funding Loan**” means the Funding Loan in the maximum principal amount of \$[2021D PAR] made by the Funding Lender Representative to the Governmental Lender under the Funding Loan Agreement, the proceeds of which are used by the Governmental Lender to make the Borrower Loan.

“**Funding Loan Agreement**” means the Funding Loan Agreement, of even date herewith, among the Governmental Lender, the Fiscal Agent and the Funding Lender Representative, as it may from time to time be supplemented, modified or amended by one or more amendments or other instruments supplemental thereto entered into pursuant to the applicable provisions thereof.

“**Funding Loan Documents**” shall mean the Funding Loan Agreement, the Borrower Loan Documents, the Regulatory Agreement, the Tax Certificate, all other documents evidencing, securing, governing or otherwise pertaining to the Funding Loan, and all amendments, modifications, renewals and substitutions of any of the foregoing.

“**GAAP**” shall mean generally accepted accounting principles as in effect on the date of the application thereof and consistently applied throughout the periods covered by the applicable financial statements.

“**General Partner**” shall mean each of (i) Ambassador Ritz Four Percent GP LLC, a California limited liability company, as general partner, and (ii) any other Person that the partners of the Borrower, with the prior Written Approval of the Funding Lender Representative (or as otherwise permitted with the Funding Lender Representative’s Written Approval pursuant to the Borrower Loan Documents), selected to be a general partner of the Borrower.

“**Governmental Authority**” shall mean (i) any governmental municipality or political subdivision thereof, (ii) any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body, or (iii) any court, administrative tribunal or public utility, agency, commission, office or authority of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city or otherwise), now or hereafter in existence.

“**Governmental Lender**” shall have the meaning set forth in the recitals to this Borrower Loan Agreement.

“**Governmental Lender Note**” shall mean that certain Governmental Lender Note dated the Closing Date in the original maximum principal amount of the Funding Loan, made by the Governmental Lender and payable to the Funding Lender Representative, as it may be amended, supplemented or replaced from time to time.

“**Governmental Lender’s Closing Fee**” shall mean \$[_____]. The Governmental Lender’s Closing Fee is payable to the Governmental Lender on the Closing Date pursuant to Section 2.3(c)(iii) hereof.

“**Gross Income**” shall mean all receipts, revenues, income and other moneys received or collected by or on behalf of the Borrower and derived from the ownership or operation of the Project, if any, and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights or other rights, and the proceeds of such rights, and whether now owned or held or hereafter coming into existence and proceeds received upon the foreclosure sale of the Project. Gross Income shall not include loan proceeds, Equity Contributions, or tenant security deposits being held by the Borrower in accordance with applicable law.

“**Gross Proceeds**” shall mean, without duplication, the aggregate of:

(a) the net amount (after payment of all expenses of originating the Funding Loan) of the Funding Loan proceeds received by the Governmental Lender as a result of the origination of the Funding Loan;

(b) all amounts received by the Governmental Lender as a result of the investment of the Funding Loan proceeds;

(c) any amounts held in any fund or account to the extent that the Governmental Lender reasonably expects to use the amounts in such fund to pay any portion of the Funding Loan; and

(d) any securities or obligations pledged by the Governmental Lender or by the Borrower as security for the payment of any portion of the Funding Loan.

“**Guarantor**” shall mean Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation, or any other person or entity which may hereafter become a guarantor of any of the Borrower’s obligations under the Borrower Loan.

“**Guaranty**” shall mean, collectively, [(i) the Completion Agreement, of even date herewith, by the Guarantor for the benefit of the Beneficiary Parties, and (ii) the Payment Guaranty, of even date herewith, by the Guarantor for the benefit of the Beneficiary Parties.]

“**HCD**” shall mean the California Department of Housing and Community Development.

“**Improvements**” shall mean collectively in respect of two Project Sites, the 187-unit (zero manager’s units) multifamily residential rental development upon the Land and known or to be known as Ambassador Ritz Apartments, and all other buildings, structures, fixtures, wiring, systems, equipment and other improvements and personal property to be constructed and/or installed at or on the Land in accordance with the Cost Breakdown and the Plans and Specifications.

“Indemnified Party” shall have the meaning set forth in Section 5.15 hereof.

“Installment Computation Date” shall mean any Computation Date other than the first Computation Date or the final Computation Date.

“Interest Rate” shall mean the rate of interest accruing on the Borrower Loan pursuant to the Borrower Note.

“Land” means the real property described on Exhibit A to the Security Instrument.

“Late Charge” shall mean the amount due and payable as a late charge on overdue payments under the Borrower Note, as provided in Section 6 of the Borrower Note and Sections 2.5 and 2.6 hereof.

“Legal Action” shall mean an action, suit, investigation, inquiry, proceeding or arbitration at law or in equity or before or by any foreign or domestic court, arbitrator or other Governmental Authority.

“Legal Requirements” shall mean statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of the Governmental Authorities affecting all or part of the Project or any property (including the Project) or the construction, rehabilitation, use, alteration or operation thereof, whether now or hereafter enacted and in force, and all permits, licenses and authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instrument, either of record or known to the Borrower, at any time in force affecting all or part of the Project, including any that may (i) require repairs, modifications or alterations in or to all or part of the Project, or (ii) in any way limit the use and enjoyment thereof. Legal Requirements shall include the Controlled Substances Act.

“Liabilities” shall have the meaning set forth in Section 5.15 hereof.

“Licenses” shall have the meaning set forth in Section 4.1.22 hereof.

“Lien” shall mean any interest, or claim thereof, in the Project securing an obligation owed to, or a claim by, any Person other than the owner of the Project, whether such interest is based on common law, statute or contract, including the lien or security interest arising from a deed of trust, mortgage, deed to secure debt, assignment, encumbrance, pledge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term “Lien” shall include reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting the Project.

“Management Agreement” shall mean the Management Agreement between the Borrower and the Manager, pursuant to which the Manager is to manage the Project, as same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“Manager” shall mean the management company to be employed by the Borrower and approved by the Funding Lender Representative in accordance with the terms of the Security Instrument, this Borrower Loan Agreement or any of the other Borrower Loan Documents. The initial manager is Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation.

“Material Adverse Change” means any set of circumstances or events which (a) has or could reasonably be expected to have any material adverse effect whatsoever upon the validity or enforceability of this Borrower Loan Agreement or any other Borrower Loan Document; (b) is or could reasonably be expected to be material and adverse to the business, properties, assets, financial condition, results of operations or prospects of the Borrower, the General Partner, the Guarantor or the Property; (c) could

reasonably be expected to impair materially the ability of the Borrower, the General Partner or the Guarantor to duly and punctually pay or perform any of their respective obligations under any of the Borrower Loan Documents to which they are a party; or (d) impairs materially or could reasonably be expected to impair materially any rights of or benefits available to the Governmental Lender under this Borrower Loan Agreement or any other Borrower Loan Document, including, without limitation, the ability of the Governmental Lender or, upon the assignment of the Borrower Loan to it, of the Funding Lender Representative, to the extent permitted, to enforce its legal remedies pursuant to this Borrower Loan Agreement or any other Borrower Loan Document.

“**MOHCD**” shall mean the Mayor’s Office of Housing and Community Development of the City and County of San Francisco, as lender in respect of the Subordinate MOHCD Debt.

“**Moody’s**” shall mean Moody’s Investors Service, Inc., or its successor.

“**Net Operating Income**” shall mean: (i) the Gross Income, less (ii) the Expenses of the Project.

“**Nonpurpose Investment**” shall mean any investment property (as defined in Section 148(b) of the Code) that is acquired with the Gross Proceeds of the Funding Loan and which is not acquired to carry out the governmental purpose of the Funding Loan.

“**OFAC**” means the U.S. Department of Treasury’s Office of Foreign Assets Control.

“**Ongoing Governmental Lender Fee**” shall have the meaning set forth in the Funding Loan Agreement.

“**Other Borrower Moneys**” shall mean moneys of the Borrower other than the Borrower Loan Proceeds and includes, but is not limited to, the Subordinate Loan, the Net Operating Income, the Equity Contributions and any other funds contributed by or loaned to the Borrower for application to the Costs of the Improvements or other costs associated with the Project.

“**Other Charges**” shall mean all maintenance charges, impositions other than taxes, and any other charges, including vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Project, now or hereafter levied or assessed or imposed against the Project or any part thereof.

“**Partnership Agreement**” shall mean that certain Amended and Restated Agreement of Limited Partnership of the Borrower dated as of [Date], as the same may be amended, restated or modified in accordance with its terms.

“**Patriot Act**” shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT ACT) of 2001, as the same may be amended from time to time, and corresponding provisions of future laws.

“**Patriot Act Offense**” shall have the meaning set forth in Section 4.1.48 hereof.

“**Permitted Encumbrances**” shall have the meaning given to that term in Section 7.6 of the Security Instrument.

“**Permitted Lease**” shall mean a lease and occupancy agreement pursuant to the form approved by the Funding Lender Representative, to a residential tenant in compliance with the Legal Requirements, providing for an initial term of not less than six (6) months nor more than two (2) years.

“Person” shall mean a natural person, a partnership, a joint venture, an unincorporated association, a limited liability company, a corporation, a trust, any other legal entity, or any Governmental Authority.

“Plan” shall mean (i) an employee benefit or other plan established or maintained by the Borrower or any ERISA Affiliate or to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions and (ii) which is covered by Title IV of ERISA or Section 302 of ERISA or Section 412 of the Code.

“Plans and Specifications” shall mean the plans and specifications for the construction or rehabilitation, as the case may be, of the Project approved by the Funding Lender Representative.

“Potential Default” shall mean the occurrence of an event that, under this Borrower Loan Agreement or any other Borrower Loan Document, would, but for the giving of notice of passage of time, be an Event of Default.

“Prepayment Premium” shall mean any premium payable by the Borrower pursuant to the Borrower Loan Documents in connection with a prepayment of the Borrower Note (including any prepayment premium as set forth in the Borrower Note).

“Project” shall mean, collectively with respect to each Project Site, the Property (as defined in the Security Instrument) and the Improvements thereon owned by the Borrower and encumbered by the Security Instrument, together with all rights pertaining to such real property and Improvements, as more particularly described in the Granting Clauses of the Security Instrument and referred to therein as the “Property.” For the avoidance of doubt, the portion of the Project financed by the proceeds of the Governmental Lender Note does not include commercial or parking facilities.

“Project Site” means, respectively, (i) the [land and improvements] generally known as the Ambassador Hotel, located at 55 Mason Street, San Francisco, California 94102, including 98 residential units, and (ii) the [land and improvements] generally known as the Ritz Hotel, located at 216 Eddy Street, San Francisco, California 94102, including 89 residential units.

“Project Agreements and Licenses” shall mean any and all Construction Contracts, Engineer’s Contracts and Management Agreements, and all other rights, licenses, permits, franchises, authorizations, approvals and agreements relating to use, occupancy, operation or leasing of the Project or the Property.

“Project Fund” shall mean the Project Fund held by the Fiscal Agent created pursuant to the Funding Loan Agreement.

“Property” shall have the meaning given to that term in the [related] Security Instrument.

“Provided Information” shall have the meaning set forth in Section 8.1.1 (a) hereof.

“Qualified Project Costs” shall mean costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general federal income tax principles and in accordance with Section 1.103-8(a)(1) of the Regulations, provided, however, that only such portion of the interest accrued during construction or rehabilitation of the Project shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all costs of the acquisition and rehabilitation or construction of the Project; and provided further that interest accruing after the Completion Date shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed

by an Affiliate (whether as general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out of pocket costs incurred by such affiliate in rehabilitating or constructing the Project (or any portion thereof) and (B) any overhead expenses incurred by such affiliate which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an “affiliated group” (within the meaning of Section 1504 of the Code) participating in the construction or rehabilitation of the Project or payments received by such affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of sixty (60) days prior to June 19, 2020, being the date on which the Governmental Lender first declared its “official intent” to reimburse costs paid with respect to the Project (within the meaning of Section 1.150-2 of the Regulations) or the date of issue of the Funding Loan, and (iv) if the costs of the acquisition and rehabilitation or construction of the Project were previously paid and are to be reimbursed with proceeds of the Funding Loan such costs were (A) “preliminary expenditures” (within the meaning of Section 1.150-2(f)(2) of the Regulations) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of acquisition and rehabilitation or construction of the Project that do not exceed twenty percent (20%) of the issue price of the Funding Loan (as defined in Section 1.148-1 of the Regulations), or (B) were capital expenditures with respect to the Project that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditures is paid); provided, however, that (w) Costs of Funding shall not be deemed to be Qualified Project Costs; (x) fees, charges or profits (including, without limitation, any Developer Fee) payable to the Borrower or a “related person” (within the meaning of Section 144(a)(3) of the Code) shall not be deemed to be Qualified Project Costs; (y) letter of credit fees and municipal bond insurance premiums which represent a transfer of credit risk shall be allocated between Qualified Project Costs and other costs and expenses to be paid from the proceeds of the Funding Loan; and (z) letter of credit fees and municipal bond insurance premiums which do not represent a transfer of credit risk (including, without limitation, letter of credit fees payable to a “related person” to the Borrower) shall not constitute Qualified Project Costs.

“Rating Agency” shall mean any one and each of S&P, Moody’s and Fitch or any other nationally recognized statistical rating agency approved by the Funding Lender Representative.

“Rebate Amount” shall mean, for any given computation period, the amount determined by the Rebate Analyst as required to be rebated or paid as a yield reduction payment to the United States of America with respect to the Funding Loan.

“Rebate Analyst” shall mean a certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code, selected and retained by the Borrower at the expense of the Borrower, with the prior written consent of the Governmental Lender, to make the rebate computations required under this Borrower Loan Agreement and the Funding Loan Agreement.

“Rebate Fund” shall mean the Rebate Fund held by the Fiscal Agent created pursuant to the Funding Loan Agreement.

“Regulations” shall mean with respect to the Code, the relevant U.S. Treasury regulations and proposed regulations thereunder or any relevant successor provision to such regulations and proposed regulations.

“Regulatory Agreement” shall mean that certain Regulatory Agreement and Declaration of Restrictive Covenants, dated as of the date hereof, between the Governmental Lender and the Borrower, as hereafter amended or modified.

“Related Documents” shall mean, collectively, any agreement or other document (other than the Borrower Loan Documents) granting a security interest (including each agreement that is the subject of any Borrower Loan Document), the Partnership Agreement, and any other agreement, instrument or other document (not constituting a Borrower Loan Document) relating to or executed in connection with the transactions contemplated by this Borrower Loan Agreement.

[**“Replacement Reserve Agreement”** shall mean any Replacement Reserve Agreement between the Borrower and the Funding Lender Representative, as the same may be amended, restated or supplemented from time to time.]

[**“Replacement Reserve Fund Requirement”** means the Borrower’s funding obligations from time to time under the Replacement Reserve Agreement.]

“Retainage” shall mean, the retainage required under the Construction Funding Agreement.

“Sanctions” means, collectively, any sanctions administered or enforced by the United States Government, including OFAC, the United Nations Security Council, the European Union, Her Majesty’s Treasury, or other relevant sanctions authority.

“Secondary Market Disclosure Document” shall have the meaning set forth in Section 8.1.2 hereof.

“Secondary Market Transaction” shall have the meaning set forth in Section 8.1.1 hereof.

“Securities” shall have the meaning set forth in Section 8.1.1 hereof.

“Securities Act” shall mean the Securities Act of 1933, as amended.

“Security Documents” shall mean the Security Instrument, the Replacement Reserve Agreement, this Borrower Loan Agreement, the Agreement of Environmental Indemnification, and such other assignment, pledge or security instruments or agreements that secure all or any portion of the Borrower Loan, including those more particularly described in the Construction Funding Agreement.

“Security Instrument” shall have the meaning set forth in the recitals to this Borrower Loan Agreement.

“Servicer” shall mean the Servicer contracting with or appointed by the Funding Lender Representative to service the Borrower Loan. The initial Servicer shall be the Funding Lender Representative.

“Servicing Agreement” shall mean any servicing agreement or master servicing agreement, between the Servicer and the Funding Lender Representative relating to the servicing of the Borrower Loan and any amendments thereto or any replacement thereof.

“Sponsor” shall mean Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation.

“Standard & Poor’s” or **“S&P”** shall mean S&P Global Ratings, a business unit of Standard & Poor’s Rating Services, or its successors.

“State” shall mean the State of California.

“**Subordinate Lender**” shall mean, individually or collectively, as the context shall require, MOHCD and Sponsor, each as lender in respect of the Subordinate Loan.

“**Subordinate Loan**” shall mean, individually or collectively as the context shall require, the Subordinate MOHCD Loan, Subordinate HCD Loan and the Subordinate Sponsor Loan.

“**Subordinate Loan Documents**” shall mean, collectively, all instruments, agreements and other documents evidencing, securing or otherwise relating to the Subordinate Loan or executed and delivered by the Borrower and/or the Subordinate Lender in connection with the Subordinate Loan, as the same may be amended, restated, supplemented or otherwise with the Funding Lender Representative’s Written Consent.

“**Subordinate HCD Loan**” shall mean the \$[_____] subordinate loan from HCD to Borrower.

“**Subordinate MOHCD Loan**” shall mean the \$[_____] subordinate loan from MOHCD to Borrower.

“**Subordinate Sponsor Loan**” shall mean the subordinate loans in the aggregate amount of \$[_____] made by the Sponsor to the Borrower.

“**[Supplemental Loan Agreement]**” has the meaning ascribed to such term in the Funding Loan Agreement.

“**Tax Counsel**” shall have the meaning set forth in the Funding Loan Agreement.

“**Taxes**” shall mean all taxes, including real estate and personal property taxes, assessments, water rates or sewer rents, now or hereafter levied or assessed or imposed against all or part of the Project.

“**Term**” shall mean the term of this Borrower Loan Agreement pursuant to Section 9.14 hereof.

[“**Termination Date**” shall have the meaning set forth in the Borrower Note (as may be extended in accordance with Section 2A of the Note).]

“**Title Company**” means [Title Company].

“**Title Insurance Policy**” shall mean the mortgagee title insurance policy, in form acceptable to the Funding Lender Representative, issued with respect to the Property and insuring the lien of the Security Instrument.

“**Transfer**” shall have the meaning given to that term in the Security Instrument.

“**UCC**” shall mean the Uniform Commercial Code as in effect in the State.

“**Unit**” shall mean a residential apartment unit within the Improvements.

“**Written Certificate,**” “**Written Certification,**” “**Written Consent,**” “**Written Direction,**” “**Written Notice,**” “**Written Order,**” “**Written Approval,**” “**Written Request,**” and “**Written Requisition**” shall mean a written certificate, certification, consent, direction, notice, order, approval, request or requisition signed by an Authorized Borrower Representative, an Authorized Governmental Lender Representative, an authorized representative of the Servicer, an authorized representative of the Fiscal Agent or an authorized representative of the Funding Lender Representative and delivered to the

Funding Lender Representative, the Servicer, the Fiscal Agent, the Governmental Lender or such other Person as required under the Funding Loan Documents.

“*Yield*” shall mean yield as defined in Section 148(h) of the Code and any regulations promulgated thereunder.

ARTICLE II

GENERAL

Section 2.1 Origination of the Borrower Loan. In order to provide funds for the purposes provided herein, the Governmental Lender agrees that it will, in accordance with the Act, enter into the Funding Loan Agreement and accept the Funding Loan from the Funding Lender Representative. The proceeds of the Funding Loan shall be advanced by the Funding Lender Representative, on behalf of the Governmental Lender, to the Fiscal Agent in accordance with the terms of the Construction Funding Agreement and this Borrower Loan Agreement.

The Governmental Lender hereby appoints the Funding Lender Representative as its agent with full authority and power to act on its behalf to disburse the Borrower Loan to the Fiscal Agent (which shall disburse any amounts so received to the Borrower) for the account of the Governmental Lender, to take certain actions and exercise certain remedies with respect to the Borrower Loan, and for the other purposes set forth in this Borrower Loan Agreement and to do all other acts necessary or incidental to the performance and execution thereof. This appointment is coupled with an interest and is irrevocable except as expressly set forth herein. Accordingly, references to the rights of the Funding Lender Representative to take actions under this Borrower Loan Agreement shall refer to the Funding Lender Representative in its role as agent of the Governmental Lender. The Funding Lender Representative may designate Servicer to fulfill the rights and responsibilities granted by Governmental Lender to the Funding Lender Representative pursuant to this Section 2.1.

Section 2.2 Security for the Funding Loan.

(a) As security for the Funding Loan, the Governmental Lender has pledged and assigned to the Funding Lender Representative under and pursuant to the Funding Loan Agreement (a) the Borrower Note and all of its right, title and interest in and to this Borrower Loan Agreement and the other Borrower Loan Documents (except for the Unassigned Rights) and all revenues and receipts therefrom and the security therefor (including the Security Instrument) and (b) the amounts on deposit from time to time in any and all funds and accounts established under the Funding Loan Agreement (except the Expense Fund, the Rebate Fund and the Closing Costs Fund). All revenues and assets pledged and assigned thereby shall immediately be subject to the lien of such pledge without any physical delivery thereof or any further act, except in the case of the Borrower Note, which shall be delivered to the Funding Lender Representative. The Borrower hereby acknowledges and consents to such assignment to the Funding Lender Representative.

(b) With respect to the Unassigned Rights, subject to the limitations set forth in this Section 2.2, the Governmental Lender may:

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

(ii) Regulatory Agreement. Seek specific performance of the obligations of the Borrower or any other owner of the Project under the Regulatory Agreement and injunctive relief against acts which may be in violation of the Regulatory Agreement or otherwise in accordance with the provisions of the Regulatory Agreement; provided, however, that the Governmental Lender may enforce any right it may have under the Regulatory Agreement for monetary damages only against Excess Revenues, if any, of the Borrower, unless the Funding Lender Representative otherwise specifically consents in writing to the use of other funds; and

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

(c) In no event shall the Governmental Lender, except at the express Written Direction of the Funding Lender Representative:

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

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

(iii) interfere with the exercise by the Funding Lender Representative, the Fiscal Agent or the Servicer of any of their rights under the Borrower Loan Documents upon the occurrence of an event of default by the Borrower under the Funding Loan Documents; or

(iv) take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Borrower Loan or the Funding Loan.

(d) The Governmental Lender shall provide Written Notice to the Funding Lender Representative and the Servicer immediately upon taking any action at law or in equity to exercise any remedy or direct any proceeding under the Funding Loan Documents.

Section 2.3 Loan; Borrower Note; Conditions to Closing.

(a) The Funding Loan shall be funded directly to the Fiscal Agent by the Funding Lender Representative for disbursement by the Fiscal Agent to the Borrower pursuant to the Construction Funding Agreement, in one or more installments not to exceed the Borrower Loan Amount in accordance with the disbursement procedures set forth in the Construction Funding Agreement and the Funding Loan Agreement. Upon funding of each installment of the Funding Loan, the Governmental Lender shall be deemed to have made the Borrower Loan to the Borrower in a like principal amount. The Borrower Loan shall mature and be payable at the times and in the amounts required under the terms hereof and of the Borrower Note. The proceeds of the Borrower Loan shall be used by the Borrower to pay costs of the acquisition, rehabilitation and/or construction, development and equipping of the Project. The Borrower hereby accepts the Borrower Loan and acknowledges that the Governmental Lender shall cause the Funding Lender Representative to fund the Borrower Loan in the manner set forth herein and in the Funding Loan

Agreement and the Construction Funding Agreement. The Governmental Lender acknowledges that the Borrower Loan shall be funded by the Funding Lender Representative to the Fiscal Agent for the account of the Governmental Lender.

Proceeds of the Borrower Loan will be deposited by the Funding Lender Representative in the Note Proceeds Account and the Capitalized Interest Account of the Project Fund and Borrower Required Equity shall be deposited by the Borrower in the Borrower Equity Account and the Capitalized Interest Account of the Project Fund all to be held by the Fiscal Agent under the Funding Loan Agreement from time to time for disbursement by the Fiscal Agent to the Borrower upon receipt of a Written Requisition in accordance with the terms of the Funding Loan Agreement and the Construction Funding Agreement and approved by Funding Lender Representative.

(b) The Borrower hereby accepts the Borrower Loan. As evidence of its obligation to repay the Borrower Loan, simultaneously with the delivery of this Borrower Loan Agreement to the Governmental Lender, the Borrower hereby agrees to execute and deliver the Borrower Note. The Borrower Loan shall mature and be payable at the times and in the amounts required under the terms hereof and of the Borrower Note.

(c) Closing of the Borrower Loan on the Closing Date shall be conditioned upon satisfaction or waiver by the Governmental Lender and the Funding Lender Representative, in their sole discretion of each of the conditions precedent to closing set forth in the Funding Loan Agreement and this Borrower Loan Agreement, including but not limited to the following:

(i) Delivery to an authorized agent of the Title Company for recordation under binding recording instructions from the Funding Lender Representative's counsel (or such other counsel as may be acceptable to the Funding Lender Representative) of the fully executed Security Instrument, an assignment of the Security Instrument from the Governmental Lender to the Funding Lender Representative, the Regulatory Agreement, and each of the other documents specified for recording in such instructions as delivered to the Title Company;

(ii) delivery into escrow with the Fiscal Agent or the Title Company (or separate escrow company, if applicable) of all amounts required to be paid in connection with the origination of the Borrower Loan and the Funding Loan and any underlying real estate transfers or transactions, including the Costs of Funding Deposit and any Borrower Required Equity, all as specified in written instructions delivered to the Title Company by counsel to the Funding Lender Representative (or such other counsel as may be acceptable to the Funding Lender Representative) and/or as specified in written instructions of the Governmental Lender (which may refer to or incorporate a closing memorandum of the Funding Lender Representative acceptable to the Governmental Lender);

(iii) payment of all fees payable in connection with the closing of the Borrower Loan including the Governmental Lender's Closing Fee and the initial fees and expense of the Fiscal Agent and the Funding Lender Representative; and

(iv) delivery of an opinion of counsel to the Borrower and Guarantor addressed to the Governmental Lender, the Fiscal Agent and the Funding Lender Representative, dated the Closing Date, regarding (among other things) the due execution by the Borrower and Guarantor of, and the enforceability against the Borrower and Guarantor of, the Funding Loan Documents to which the Borrower and Guarantor is a party.

Section 2.4 Borrower Loan Payments.

(a) The Borrower shall make Borrower Loan Payments in accordance with the Borrower Note. Each Borrower Loan Payment made by the Borrower shall be made in funds immediately available to the Fiscal Agent by 2:00 p.m., New York City time, on the Borrower Loan Payment Date. Each such payment shall be made to the Fiscal Agent by deposit to such account as the Fiscal Agent may designate by Written Notice to the Borrower. Whenever any Borrower Loan Payment shall be stated to be due on a day that is not a Business Day, such payment shall be due on the first (1st) Business Day immediately thereafter. In addition, the Borrower shall make Borrower Loan Payments in accordance with the Borrower Note in the amounts and at the times necessary to make all payments due and payable on the Funding Loan. All payments made by the Borrower hereunder or by the Borrower under the other Borrower Loan Documents, shall be made irrespective of, and without any deduction for, any set-offs or counterclaims, but such payment shall not constitute a waiver of any such set offs or counterclaims.

(b) The Funding Lender Representative shall provide a copy of the debt service schedule (the "Debt Service Schedule") which it prepares in connection with the commencement of amortization of the Borrower Loan to the Fiscal Agent and Governmental Lender.

(c) Payments of principal and interest on the Borrower Note shall be paid directly to the Fiscal Agent.

Section 2.5 Additional Borrower Payments.

(a) The Borrower shall pay on demand the following amounts:

(i) to the Fiscal Agent, the Rebate Amount then due, if any, to be deposited in the Rebate Fund as specified in Section 5.35 hereof and the Rebate Analyst's fee and any other costs incurred to calculate such Rebate Amount (to the extent such costs are not included in the Borrower Loan Payment);

(ii) to the Fiscal Agent, for payment to the Governmental Lender, the Ongoing Governmental Lender Fee and all fees, charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Governmental Lender incurred under the Funding Loan Documents, and any Taxes and assessments with respect to the Project, as and when the same become due;

(iii) to the Fiscal Agent, the Fiscal Agent Fees and the Fiscal Agent's expenses incurred hereunder and under the other Funding Loan Documents (including, without limitation, legal fees and expenses);

(iv) all Costs of Funding and fees, charges and expenses, including agent and counsel fees incurred in connection with the origination of the Borrower Loan and the Funding Loan, as and when the same become due;

(v) to the Funding Lender Representative, all charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Funding Lender Representative incurred by the Funding Lender Representative at any time in connection with the Borrower Loan, the Funding Loan or the Project, including, without limitation, reasonable counsel fees and expenses incurred in connection with the interpretation, performance, or amendment and all counsel fees and expenses relating to the enforcement of the Funding Loan Documents or any other documents relating to the Project or the Borrower Loan or in connection with questions or other matters arising under such

documents or in connection with any federal or state tax audit. Borrower acknowledges that Funding Lender Representative may receive a benefit, including a discount, credit or other accommodation, from outside counsel based on the fees such counsel receive on account of their relationship with Funding Lender Representative, including fees paid pursuant hereto; and

(vi) any Late Charge due and payable under the terms of the Borrower Note and Section 2.6 hereof; provided, however, that all payments made pursuant to this subsection (vi) shall be made to the Servicer, and if there is no Servicer, such payments shall be made to the Funding Lender Representative.

(b) The Borrower shall pay to the party entitled thereto as expressly set forth in this Borrower Loan Agreement, the [Supplemental Loan Agreement] or the other Funding Loan Documents:

(i) all expenses incurred in connection with the enforcement of any rights under this Borrower Loan Agreement, the [Supplemental Loan Agreement] or any other Borrower Loan Document, the Regulatory Agreement, or any Funding Loan Document by the Governmental Lender, the Fiscal Agent, the Funding Lender Representative or the Servicer;

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

(iii) all expenses, costs and fees relating to inspections of the Project required by the Governmental Lender, the Fiscal Agent, the Funding Lender Representative, the Servicer or the Construction Inspector, in accordance with the Funding Loan Documents or to reimburse such parties for such expenses, costs and fees.

Section 2.6 Overdue Payments; Payments in Default. If any Borrower Payment Obligation is not paid by or on behalf of the Borrower when due, the Borrower shall pay to the party to whom such payment is required to be made, a Late Charge in the amount and to the extent set forth in the Borrower Note, if any.

Section 2.7 Calculation of Interest Payments and Deposits to Real Estate Related Reserve Funds. The Borrower acknowledges as follows: (a) calculation of all interest payments shall be made by the Funding Lender Representative; and (b) deposits with respect to the Taxes and Other Charges shall be calculated by the Servicer or if there is no Servicer, the Funding Lender Representative in accordance with the Security Instrument.

Section 2.8 Grant of Security Interest; Application of Funds. To the extent not inconsistent with the Security Instrument or the Funding Loan Agreement and as security for payment of the Borrower Payment Obligations and the performance by the Borrower of all other terms, conditions and provisions of the Borrower Loan Documents, the Borrower hereby pledges and assigns to the Funding Lender Representative, and grants to the Funding Lender Representative, a security interest in all the Borrower's right, title and interest in and to all rents and payments to or moneys held in the funds and accounts created and held by the Fiscal Agent, the Funding Lender Representative or the Servicer for the Project. The Borrower also grants to the Funding Lender Representative a continuing security interest in all rents in its possession prior to the payment of rents or any portion thereof to the Fiscal Agent, the Funding Lender Representative or the Servicer (to the extent that the Borrower is required to pay such rents to the Fiscal Agent, the Funding Lender Representative or the Servicer). Except for any subordinate pledges made in accordance with the terms of the Subordinate Loan Documents, the Borrower shall not, without obtaining the prior Written Consent of the Funding Lender Representative, further pledge, assign or grant any security

interest in the rents, or permit any Lien to attach thereto, or any levy to be made thereon, or any UCC-1 Financing Statements, except those naming the Funding Lender Representative as the secured party, to be filed with respect thereto. This Borrower Loan Agreement is, among other things, intended by the parties to be a security agreement for purposes of the UCC. Upon the occurrence and during the continuance of an Event of Default hereunder, the Fiscal Agent, the Funding Lender Representative, the Governmental Lender and the Servicer shall apply or cause to be applied any sums held by the Funding Lender Representative, the Fiscal Agent, the Governmental Lender and the Servicer, as the case may be, with respect to the Project in any manner and in any order determined by the Funding Lender Representative, in the Funding Lender Representative's sole and absolute discretion.

Section 2.9 Marshalling; Payments Set Aside. The Governmental Lender, the Fiscal Agent and the Funding Lender Representative shall be under no obligation to marshal any assets in favor of the Borrower or any other Person or against or in payment of any or all of the proceeds. To the extent that the Borrower makes a payment or payments or transfers any assets to the Fiscal Agent, the Governmental Lender or the Funding Lender Representative, or the Governmental Lender, the Fiscal Agent or the Funding Lender Representative enforces its liens, and such payment or payments or transfers, or the proceeds of such enforcement or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party in connection with any insolvency proceeding, or otherwise, then: (i) any and all obligations owed to the Fiscal Agent, the Governmental Lender or the Funding Lender Representative and any and all remedies available to the Fiscal Agent, the Governmental Lender or the Funding Lender Representative under the terms of the Funding Loan Documents or in law or equity against the Borrower, the Guarantor or the General Partner and/or any of their properties shall be automatically revived and reinstated to the extent (and only to the extent) of any recovery permitted under clause (ii) below; and (ii) the Fiscal Agent, the Governmental Lender and the Funding Lender Representative shall be entitled to recover (and shall be entitled to file a proof of claim to obtain such recovery in any applicable bankruptcy, insolvency, receivership or fraudulent conveyance or fraudulent transfer proceeding) either: (x) the amount of payments or the value of the transfer or (y) if the transfer has been undone and the assets returned in whole or in part, the value of the consideration paid to or received by the Borrower for the initial asset transfer, plus in each case any deferred interest from the date of the disgorgement to the date of distribution to the Fiscal Agent, the Governmental Lender or the Funding Lender Representative in any bankruptcy, insolvency, receivership or fraudulent conveyance or fraudulent transfer proceeding, and any costs and expenses due and owing, including, without limitation, any reasonable attorneys' fees and expenses incurred by the Fiscal Agent, the Governmental Lender or the Funding Lender Representative in connection with the exercise by the Fiscal Agent, the Governmental Lender or the Funding Lender Representative of its rights under this Section 2.9.

Section 2.10 Borrower Loan Disbursements. The Borrower Loan shall be disbursed by the Funding Lender Representative, as agent for the Governmental Lender, pursuant to the Construction Funding Agreement.

ARTICLE III

[RESERVED]

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1 Borrower Representations. To induce the Governmental Lender and the Fiscal Agent to execute this Borrower Loan Agreement and to induce the Funding Lender Representative to approve Disbursements, the Borrower, and the General Partner represents and warrants for the benefit of the Governmental Lender, the Fiscal Agent, the Funding Lender Representative and the Servicer, that the representations and warranties set forth in this Section 4.1 are complete and accurate as of the Closing Date and will be complete and accurate, and deemed remade, as of the date of each Disbursement, as of the original Termination Date, as of the date of any extension thereof and as of the Maturity Date in accordance with the terms and conditions of the Borrower Note. Subject to Section 4.2 hereof, the representations, warranties and agreements set forth in this Section 4.1 shall survive the making of the Borrower Loan, and shall remain in effect and true and correct in all material respects until the Borrower Loan and all other Borrower Payment Obligations have been repaid in full. Any representation by the General Partner herein shall be deemed made solely with respect to it.

Section 4.1.1 Organization; Special Purpose. The Borrower is in good standing under the laws of the State (and under the laws of the state in which the Borrower was formed if the Borrower was not formed under the laws of the State), has full legal right, power and authority to enter into the Borrower Loan Documents to which it is a party, and to carry out and consummate all transactions contemplated by the Borrower Loan Documents to which it is a party, and by proper corporate, limited partnership or limited liability company action, as appropriate, has duly authorized the execution, delivery and performance of the Borrower Loan Documents to which it is a party. The Authorized Borrower Representative executing the Funding Loan Documents to which the Borrower is a party are fully authorized to execute the same. The Funding Loan Documents to which the Borrower is a party have been duly authorized, executed and delivered by the Borrower. The sole business of the Borrower is the ownership, management and operation of the Project.

Section 4.1.2 Proceedings; Enforceability. Assuming due execution and delivery by the other parties thereto, the Funding Loan Documents to which the Borrower is a party will constitute the legal, valid and binding agreements of the Borrower enforceable against the Borrower in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

Section 4.1.3 No Conflicts. The execution and delivery of the Funding Loan Documents to which the Borrower is a party, 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 Partnership Agreement of the Borrower, its bylaws 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 (other than any lien created by the Borrower Loan Documents, including but not limited to the lien of the Security Instrument) 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 the Funding Loan Documents, or the financial condition, assets, properties or operations of the Borrower.

Section 4.1.4 Litigation; Adverse Facts. There is no Legal Action, nor is there a basis known to the Borrower for any Legal Action, before or by any court or federal, state, municipal or other Governmental Authority, pending, or to the knowledge of the Borrower, after reasonable investigation, threatened, against or affecting the Borrower, the General Partner or the Guarantor, or their respective assets, properties or operations which, if determined adversely to the Borrower or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by, or the validity of, the Funding Loan Documents, upon the ability of each of the Borrower, the General Partner and the Guarantor to perform their respective obligations under the Funding Loan Documents and the Related Documents to which it is a party, or upon the financial condition, assets (including the Project), properties or operations of the Borrower, the General Partner or the Guarantor. None of the Borrower, the General Partner or the Guarantor is in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other Governmental Authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Funding Loan Documents, the ability of each of the Borrower, the General Partner and the Guarantor to perform their respective obligations under the Funding Loan Documents and the Related Documents to which it is a party, or the financial condition, assets, properties or operations of the Borrower, the General Partner or the Guarantor. None of the Borrower, the General Partner or the Guarantor are (a) in violation of any applicable law, which violation materially and adversely affects or may materially and adversely affect the business, operations, assets (including the Project), condition (financial or otherwise) or prospects of the Borrower, the General Partner or the Guarantor, as applicable; (b) subject to, or in default with respect to, any other Legal Requirement that would have a material adverse effect on the business, operations, assets (including the Project), condition (financial or otherwise) or prospects of the Borrower, the General Partner or the Guarantor, as applicable; or (c) in default with respect to any agreement to which the Borrower, the General Partner or the Guarantor, as applicable, are a party or by which they are bound, which default would have a material adverse effect on the business, operations, assets (including the Project), condition (financial or otherwise) or prospects of the Borrower, the General Partner or the Guarantor, as applicable; and (d) there is no Legal Action pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower, the General Partner or the Guarantor questioning the validity or the enforceability of this Borrower Loan Agreement or any of the other Funding Loan Documents or of any of the Related Documents. All tax returns (federal, state and local) required to be filed by or on behalf of the Borrower have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Borrower in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein. The Borrower enjoys the peaceful and undisturbed possession of all of the premises upon which it is operating its facilities.

Section 4.1.5 Agreements; Consents; Approvals. Except as contemplated by the Funding Loan Documents, the Borrower is not a party to any agreement or instrument or subject to any restriction that would materially adversely affect the Borrower, the Project, or the Borrower's business, properties, operations or financial condition or business prospects, except the Permitted Encumbrances. The Borrower is not in default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Permitted Encumbrance or any other agreement or instrument to which it is a party or by which it or the Project is bound.

No consent or approval of any trustee or holder of any indebtedness of the Borrower, and to the best knowledge of the Borrower and only with respect to the Borrower, no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority (except no representation is made with respect to any state securities or “blue sky” laws) is necessary in connection with the execution and delivery of the Funding Loan Documents, or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

Section 4.1.6 Title. The Borrower has marketable title to the Project in fee, free and clear of all Liens except the Permitted Encumbrances. The Security Instrument, when properly recorded in the appropriate records, together with any UCC financing statements required to be filed in connection therewith, will create (i) a valid, perfected first priority lien on the fee [(or leasehold, if applicable)] interest in the Project and (ii) perfected security interests in and to, and perfected collateral assignments of, all personalty included in the Project (including the leases), all in accordance with the terms thereof, in each case subject only to any applicable Permitted Encumbrances. To the Borrower’s knowledge, there are no delinquent real property Taxes or assessments, including water and sewer charges, with respect to the Project, nor are there any claims for payment for work, labor or materials affecting the Project which are or may become a Lien prior to, or of equal priority with, the Liens created by the Funding Loan Documents.

Section 4.1.7 Survey. To the best knowledge of the Borrower, the survey for the Project delivered to the Governmental Lender and the Funding Lender Representative does not fail to reflect any material matter affecting the Project or the title thereto.

Section 4.1.8 No Bankruptcy Filing. The Borrower is not contemplating either the filing of a petition by it under any state or federal bankruptcy or insolvency law or the liquidation of all or a major portion of its property (a “*Bankruptcy Proceeding*”), and the Borrower has no knowledge of any Person contemplating the filing of any such petition against it. As of the Closing Date, the Borrower has the ability to pay its debts as they become due.

Section 4.1.9 Full and Accurate Disclosure. No statement of fact made by the Borrower in any Borrower Loan Document or in any Funding Loan Document contains any untrue statement of a material fact or omits to state any material fact necessary to make statements made therein in light of the circumstances under which they were made, not misleading. There is no material fact or circumstance known to the Borrower that has not been disclosed to the Governmental Lender and the Funding Lender Representative which materially and adversely affects the Project or the business, operations or financial condition or business prospects of the Borrower or the Borrower’s ability to meet its obligations under this Borrower Loan Agreement and the other Funding Loan Documents to which it is a party in a timely manner.

Section 4.1.10 No Plan Assets. The Borrower is not an “employee benefit plan,” as defined in Section 3(3) of ERISA, subject to Title I of ERISA, and none of the assets of the Borrower constitutes or will constitute “plan assets” of one or more such plans within the meaning of 29 C.F.R. Section 2510.3 101.

Section 4.1.11 Compliance. The Borrower, the Project and the use thereof will comply, to the extent required, in all material respects with all applicable Legal Requirements. The Borrower is not in default or violation of any order, writ, injunction, decree or demand of any Governmental Authority, the violation of which would materially adversely affect the financial condition or business prospects or the business of the Borrower. Neither the Borrower nor any Borrower Affiliate involved with the operation or use of the Project has committed any act or omission affording any Governmental Authority the right of forfeiture as against the Project or any part thereof or any moneys paid in performance of the Borrower’s obligations under any Funding Loan Document.

Section 4.1.12 Contracts. All service, maintenance or repair contracts affecting the Project have been entered into at arm's length (except for such contracts between the Borrower and its affiliates or the affiliates of the Borrower Controlling Entity) in the ordinary course of the Borrower's business and provide for the payment of fees in amounts and upon terms comparable to existing market rates.

Section 4.1.13 Financial Information. All financial data, including any statements of cash flow and income and operating expense, that have been delivered to the Governmental Lender or the Funding Lender Representative in respect of the Project by or on behalf of the Borrower, to the best knowledge of the Borrower, (i) are accurate and complete in all material respects, (ii) accurately represent the financial condition of the Project as of the date of such reports, and (iii) to the extent prepared by an independent certified public accounting firm, have been prepared in accordance with GAAP consistently applied throughout the periods covered, except as disclosed therein. Other than pursuant to or permitted by the Funding Loan Documents or the Related Documents, the Borrower has no contingent liabilities, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments. Since the date of such financial statements, there has been no materially adverse change in the financial condition, operations or business of the Borrower from that set forth in said financial statements.

Section 4.1.14 Condemnation. No Condemnation or other proceeding has been commenced or, to the Borrower's knowledge, is contemplated, threatened or pending with respect to all or part of the Project or for the relocation of roadways providing access to the Project.

Section 4.1.15 Federal Reserve Regulations. No part of the proceeds of the Borrower Loan will be used for the purpose of purchasing or acquiring any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose that would be inconsistent with such Regulation U or any other regulation of such Board of Governors, or for any purpose prohibited by Legal Requirements or any Funding Loan Document.

Section 4.1.16 Utilities and Public Access. To the best of the Borrower's knowledge, the Project is or will be served by water, sewer, sanitary sewer and storm drain facilities adequate to service it for its intended uses. All public utilities necessary or convenient to the full use and enjoyment of the Project are or will be located in the public right-of-way abutting the Project, and all such utilities are or will be connected so as to serve the Project without passing over other property absent a valid easement. All roads necessary for the use of the Project for its current purpose have been or will be completed and dedicated to public use and accepted by all Governmental Authorities. Except for Permitted Encumbrances, the Project does not share ingress and egress through an easement or private road or share on-site or off-site recreational facilities and amenities that are not located on the Project and under the exclusive control of the Borrower, or except for Permitted Encumbrances, where there is shared ingress and egress or amenities, there exists an easement or joint use and maintenance agreement under which (i) access to and use and enjoyment of the easement or private road and/or recreational facilities and amenities is perpetual, (ii) the number of parties sharing such easement and/or recreational facilities and amenities must be specified, (iii) the Borrower's responsibilities and share of expenses are specified, and (iv) the failure to pay any maintenance fee with respect to an easement will not result in a loss of usage of the easement.

Section 4.1.17 Not a Foreign Person. The Borrower is not a "foreign person" within the meaning of §1445(f)(3) of the Code.

Section 4.1.18 Separate Lots. Each parcel comprising the Land is a separate tax lot and is not a portion of any other tax lot that is not a part of the Land.

Section 4.1.19 Assessments. Other than assessments arising from existing districts affecting the Property or as otherwise disclosed in the Title Insurance Policy, there are no pending or, to the Borrower's best knowledge, proposed special or other assessments for public improvements or otherwise affecting the Project, or any contemplated improvements to the Project that may result in such special or other assessments.

Section 4.1.20 Enforceability. The Funding Loan Documents are not subject to, and the Borrower has not asserted, any right of rescission, set-off, counterclaim or defense, including the defense of usury.

Section 4.1.21 Insurance. The Borrower has obtained the insurance required by this Borrower Loan Agreement, if applicable, and the Security Instrument and has delivered to the Servicer copies of insurance policies or certificates of insurance reflecting the insurance coverages, amounts and other requirements set forth in this Borrower Loan Agreement, if applicable, and the Security Instrument.

Section 4.1.22 Use of Property; Licenses. The Project will be used exclusively as a multifamily residential rental project, together with commercial and other appurtenant and related uses, which use is consistent with the zoning classification for the Project. All certifications, permits, licenses and approvals, including certificates of completion and occupancy permits required for the legal use or legal, nonconforming use, as applicable, occupancy and operation of the Project (collectively, the "Licenses") required at this time for the acquisition, rehabilitation and/or construction, development and equipping of the Project have been obtained. To the Borrower's knowledge, all Licenses obtained by the Borrower have been validly issued and are in full force and effect. The Borrower has no reason to believe that any of the Licenses required for the future use and occupancy of the Project and not heretofore obtained by the Borrower will not be obtained by the Borrower in the ordinary course following the Completion Date. No Licenses will terminate, or become void or voidable or terminable, upon any sale, transfer or other disposition of the Project, including any transfer pursuant to foreclosure sale under the Security Instrument or deed in lieu of foreclosure thereunder. The Project does not violate any density or building setback requirements of the applicable zoning law except to the extent, if any, shown on the survey. No proceedings are, to the best of the Borrower's knowledge, pending or threatened that would result in a change of the zoning of the Project.

Section 4.1.23 Flood Zone. Either all Improvements will be constructed above the flood grade or the Borrower will obtain appropriate flood insurance as and if directed by the Servicer.

Section 4.1.24 Physical Condition. The Project, including all Improvements, parking facilities, systems, fixtures, Equipment and landscaping, are or, after completion of the rehabilitation will be in good and habitable condition in all material respects and in good order and repair in all material respects (reasonable wear and tear excepted). The Borrower has not received notice from any insurance company or bonding company of any defect or inadequacy in the Project, or any part thereof, which would adversely affect its insurability or cause the imposition of extraordinary premiums or charges thereon or any termination of any policy of insurance or bond. The physical configuration of the Project is not in material violation of the ADA, if required under applicable law.

Section 4.1.25 Encroachments. All of the Improvements included in determining the appraised value of the Project will lie wholly within the boundaries and building restriction lines of the Project, and no easement or other encumbrance upon the Project encroaches upon any of the Improvements, so as to affect the value or marketability of the Project, except those insured against by the Title Insurance Policy or disclosed in the survey of the Project as approved by the Servicer.

Section 4.1.26 State Law Requirements. The Borrower hereby represents, covenants and agrees to comply with the provisions of all applicable State laws relating to the Borrower Loan, the Funding Loan and the Project.

Section 4.1.27 Filing and Recording Taxes. All transfer taxes, deed stamps, intangible taxes or other amounts in the nature of transfer taxes required to be paid by any Person under applicable Legal Requirements in connection with the transfer of the Project to the Borrower have been paid. All mortgage, mortgage recording, stamp, intangible or other similar taxes required to be paid by any Person under applicable Legal Requirements in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Funding Loan Documents have been or will be paid.

Section 4.1.28 Investment Company Act. The Borrower is not (i) an “investment company” or a company “controlled” by an “investment company,” within the meaning of the Investment Company Act of 1940, as amended; or (ii) a “holding company” or a “subsidiary company” of a “holding company” or an “affiliate” of either a “holding company” or a “subsidiary company” within the meaning of the Public Utility Holding Company Act of 1935, as amended.

Section 4.1.29 Fraudulent Transfer. The Borrower has not accepted the Borrower Loan or entered into any Funding Loan Document with the actual intent to hinder, delay or defraud any creditor, and the Borrower has received reasonably equivalent value in exchange for its obligations under the Funding Loan Documents. Giving effect to the transactions contemplated by the Funding Loan Documents, the fair saleable value of the Borrower’s assets exceeds and will, immediately following the execution and delivery of the Funding Loan Documents, exceed the Borrower’s total liabilities, including subordinated, unliquidated, disputed or contingent liabilities. The fair saleable value of the Borrower’s assets is and will, immediately following the execution and delivery of the Funding Loan Documents, be greater than the Borrower’s probable liabilities, including the maximum amount of its contingent liabilities or its debts as such debts become absolute and matured. The Borrower’s assets do not and, immediately following the execution and delivery of the Funding Loan Documents will not, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. The Borrower does not intend to, and does not believe that it will, incur debts and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such debts as they mature (taking into account the timing and amounts to be payable on or in respect of obligations of the Borrower).

Section 4.1.30 Ownership of the Borrower. Except as set forth in the Partnership Agreement of the Borrower, the Borrower has no obligation to any Person to purchase, repurchase or issue any ownership interest in it.

Section 4.1.31 Environmental Matters. To the best of the Borrower’s knowledge, the Project is not in violation of any Legal Requirement pertaining to or imposing liability or standards of conduct concerning environmental regulation, contamination or clean-up, and will comply with covenants and requirements relating to environmental hazards as set forth in the Security Instrument. The Borrower will execute and deliver the Agreement of Environmental Indemnification on the Closing Date.

Section 4.1.32 Name; Principal Place of Business. Unless prior Written Notice is given to the Funding Lender Representative, the Borrower does not use and will not use any trade name, and has not done and will not do business under any name other than its actual name set forth herein. The principal place of business of the Borrower is its primary address for notices as set forth in Section 9.1 hereof, and the Borrower has no other place of business, other than the Project and such principal place of business.

Section 4.1.33 Subordinated Debt. There is no secured or unsecured indebtedness with respect to the Project or any residual interest therein, other than Permitted Encumbrances and the permitted

indebtedness described in Section 6.7 hereof, except an unsecured deferred developer fee not to exceed the amount permitted by the Funding Lender Representative as determined on the Closing Date.

Section 4.1.34 Filing of Taxes. The Borrower has filed (or has obtained effective extensions for filing) all federal, state and local tax returns required to be filed and has paid or made adequate provision for the payment of all federal, state and local taxes, charges and assessments, if any, payable by the Borrower.

Section 4.1.35 General Tax. All representations, warranties and certifications of the Borrower set forth in the Regulatory Agreement and the Tax Certificate are incorporated by reference herein and the Borrower will comply with such as if set forth herein.

Section 4.1.36 Approval of the Funding Loan Documents. By its execution and delivery of this Borrower Loan Agreement, the Borrower approves the form and substance of the Funding Loan Documents, and agrees to carry out the responsibilities and duties specified in the Funding Loan Documents to be carried out by the Borrower. The Borrower acknowledges that (a) it understands the nature and structure of the transactions relating to the financing of the Project, (b) it is familiar with the provisions of all of the Funding Loan Documents, the Related Documents, the Security Documents and other documents and instruments relating to the financing, (c) it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project, and (d) it has not relied on the Governmental Lender, the Funding Lender Representative, the Fiscal Agent or the Servicer for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Funding Loan Documents or otherwise relied on the Governmental Lender, the Funding Lender Representative, the Fiscal Agent or the Servicer in any manner.

Section 4.1.37 Funding Loan Agreement. The Borrower has read and accepts and agrees that it is bound by the Funding Loan Agreement and the other Funding Loan Documents.

Section 4.1.38 Americans with Disabilities Act. The Project, as designed, will conform in all material respects with all applicable zoning, planning, building and environmental laws, ordinances and regulations of Governmental Authorities having jurisdiction over the Project, including, but not limited to, the Americans with Disabilities Act of 1990 (“*ADA*”), to the extent required (as evidenced by an architect’s certificate to such effect).

Section 4.1.39 Requirements of Act, Code and Regulations. The Project satisfies all requirements of the Act, the Code and the Regulations applicable to the Project.

Section 4.1.40 Regulatory Agreement. The Project is, as of the date of origination of the Funding Loan, in compliance with all requirements of the Regulatory Agreement to the extent such requirements are applicable; and the Borrower intends to cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement, including all applicable requirements of the Act and the Code and the Regulations, and pursuant to leases which comply with all applicable laws.

Section 4.1.41 Intention to Hold Project. Except as set forth in the Partnership Agreement and as permitted under the Construction Funding Agreement and [Supplemental Loan Agreement], Borrower intends to hold the Project for its own account and has no current plans, and has not entered into any agreement, to sell the Project or any part of it (other than the Commercial Master Lease and any Commercial Subleases); and the Borrower intends to occupy the Project or cause the Project to be occupied and to operate it or cause it to be operated at all times during the term of this Borrower Loan Agreement in compliance with the terms of this Borrower Loan Agreement and the Regulatory Agreement

and does not know of any reason why the Project will not be so used by it in the absence of circumstances not now anticipated by it or totally beyond its control.

Section 4.1.42 Concerning the General Partner. Each representation by each General Partner herein shall be deemed made solely with respect to it.

(a) The General Partner of the Borrower is duly organized and validly existing under the laws of the State. The General Partner has all requisite power and authority, rights and franchises to enter into and perform its obligations under the Funding Loan Documents to be executed by the General Partner for its own account and on behalf of the Borrower, as General Partner of the Borrower, under this Borrower Loan Agreement and the other Funding Loan Documents.

(b) The General Partner has made all filings (including, without limitation, all required filings related to the use of fictitious business names) and is in good standing in the State and in each other jurisdiction in which the character of the property it owns or the nature of the business it transacts makes such filings necessary or where the failure to make such filings could have a material adverse effect on the business, operations, assets, condition (financial or otherwise) or prospects of the General Partner.

(c) The General Partner is duly authorized to do business in the State.

(d) The execution, delivery and performance by the Borrower of the Funding Loan Documents have been duly authorized by all necessary action of the General Partner on behalf of the Borrower, and by all necessary action on behalf of the General Partner.

(e) The execution, delivery and performance by the General Partner, on behalf of the Borrower, of the Funding Loan Documents will not violate (i) the General Partner's organizational documents; (ii) any other Legal Requirement affecting the General Partner or any of its properties; or (iii) any agreement to which the General Partner is bound or to which it is a party; and will not result in or require the creation (except as provided in or contemplated by this Borrower Loan Agreement) of any Lien upon any of such properties, any of the Collateral or any of the property or funds pledged or delivered to the Funding Lender Representative pursuant to the Security Documents.

Section 4.1.43 Government and Private Approvals. All governmental or regulatory orders, consents, permits, authorizations and approvals required for the rehabilitation, construction, use, occupancy and operation of the Improvements, that may be granted or denied in the discretion of any Governmental Authority, have been obtained and are in full force and effect (or, in the case of any of the foregoing that Borrower is not required to have as of the Closing Date, will be obtained), and will be maintained in full force and effect at all times during the construction or rehabilitation of the Improvements. All such orders, consents, permits, authorizations and approvals that may not be denied in the discretion of any Governmental Authority shall be obtained prior to the commencement of any work for which such orders, consents, permits, authorizations or approvals are required, and, once obtained, such orders, consents, permits, authorizations and approvals will be maintained in full force and effect at all times during the construction or rehabilitation of the Improvements. Except as set forth in the preceding two sentences, no additional governmental or regulatory actions, filings or registrations with respect to the Improvements, and no approvals, authorizations or consents of any trustee or holder of any indebtedness or obligation of the Borrower, are required for the due execution, delivery and performance by the Borrower or the General Partner of any of the Funding Loan Documents or the Related Documents executed by the Borrower or the General Partner, as applicable. All required zoning approvals have been obtained, and the zoning of the Land for the Project is not conditional upon the happening of any further event.

Section 4.1.44 Concerning the Guarantor. The Funding Loan Documents to which the Guarantor is a party or a signatory executed simultaneously with this Borrower Loan Agreement have been duly executed and delivered by the Guarantor and are legally valid and binding obligations of the Guarantor, enforceable against the Guarantor in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

Section 4.1.45 No Material Defaults. Except as previously disclosed to the Funding Lender Representative in writing, there exists no material violation of or material default by the Borrower under, and, to the best knowledge of the Borrower, no event has occurred which, upon the giving of notice or the passage of time, or both, would constitute a material default with respect to: (i) the terms of any instrument evidencing, securing or guaranteeing any indebtedness secured by the Project or any portion or interest thereof or therein; (ii) any lease or other agreement affecting the Project or to which the Borrower is a party; (iii) any license, permit, statute, ordinance, law, judgment, order, writ, injunction, decree, rule or regulation of any Governmental Authority, or any determination or award of any arbitrator to which the Borrower or the Project may be bound; or (iv) any mortgage, instrument, agreement or document by which Borrower or any of its respective properties is bound; in the case of any of the foregoing: (1) which involves any Funding Loan Document; (2) which involves the Project and is not adequately covered by insurance; (3) that might materially and adversely affect the ability of the Borrower, the General Partner or the Guarantor or to perform any of its respective obligations under any of the Funding Loan Documents or any other material instrument, agreement or document to which it is a party; or (4) which might adversely affect the priority of the Liens created by this Borrower Loan Agreement or any of the Funding Loan Documents.

Section 4.1.46 Payment of Taxes. Except as previously disclosed to the Funding Lender Representative in writing: (i) all tax returns and reports of the Borrower, the General Partner and the Guarantor required to be filed have been timely filed, and all taxes, assessments, fees and other governmental charges upon the Borrower, the General Partner and the Guarantor, and upon their respective properties, assets, income and franchises, which are due and payable have been paid when due and payable; and (ii) Borrower knows of no proposed tax assessment against it or against the General Partner or the Guarantor that would be material to the condition (financial or otherwise) of the Borrower, the General Partner or the Guarantor, and neither the Borrower nor the General Partner have contracted with any Government Authority in connection with such taxes.

Section 4.1.47 Rights to Project Agreements and Licenses. The Borrower is the legal and beneficial owner of all rights in and to the Plans and Specifications and all existing Project Agreements and Licenses, and will be the legal and beneficial owner of all rights in and to all future Project Agreements and Licenses. The Borrower's interest in the Plans and Specifications and all Project Agreements and Licenses is not subject to any present claim (other than under the Funding Loan Documents or as otherwise approved by the Funding Lender Representative in its sole discretion), set-off or deduction other than in the ordinary course of business.

Section 4.1.48 Patriot Act Compliance. The Borrower is not now, nor has ever been (i) listed on any Government Lists (as defined below), (ii) a person who has been determined by a Governmental Authority to be subject to the prohibitions contained in Presidential Executive Order No. 13224 (Sept. 23, 2001) or any other similar prohibitions contained in the rules and regulations of OFAC or in any enabling legislation or other Presidential Executive Orders in respect thereof, (iii) indicted for or convicted of any felony involving a crime or crimes of moral turpitude or for any Patriot Act Offense, or (iv) under investigation by any Governmental Authority for alleged criminal activity. For purposes hereof, the term "Patriot Act Offense" shall mean any violation of the criminal laws of the United States of America or of any of the several states, or that would be a criminal violation if committed within the jurisdiction of the United States of America or any of the several states, relating to terrorism or the laundering of monetary

instruments, including any offense under (A) the criminal laws against terrorism; (B) the criminal laws against money laundering, (C) Bank Representative Secrecy Act, as amended, (D) the Money Laundering Control Act of 1986, as amended, or (E) the Patriot Act. "Patriot Act Offense" also includes the crimes of conspiracy to commit, or aiding and abetting another to commit, a Patriot Act Offense. For purposes hereof, the term "**Government Lists**" shall mean (1) the Specially Designated Nationals and Blocked Persons Lists maintained by the Office of Foreign Assets Control ("OFAC"), (2) any other list of terrorists, terrorist organizations or narcotics traffickers maintained pursuant to any of the Rules and Regulations of OFAC that Funding Lender Representative notified the Borrower in writing is now included in "Government Lists", or (3) any similar lists maintained by the United States Department of State, the United States Department of Commerce or any other Government Authority or pursuant to any Executive Order of the President of the United States of America that Funding Lender Representative notified the Borrower in writing is now included in "Government Lists". Neither the Borrower nor any of its subsidiaries is located, organized or resident in a country or territory that is the subject of Sanctions.

Section 4.1.49 [Reserved].

Section 4.1.50 Other Documents. Each of the representations and warranties of the Borrower or the General Partner contained in any of the other Funding Loan Documents or the Related Documents is true and correct in all material respects (or, in the case of representations or warranties contained in any of the other Funding Loan Documents or the Related Documents that speak as of a particular date, were true and correct in all material respects as of such date). All of such representations and warranties are incorporated herein for the benefit of the Governmental Lender and the Funding Lender Representative.

Section 4.1.51 Subordinate Loan Documents. The Subordinate Loan Documents are in full force and effect and the Borrower has paid all commitment fees and other amounts due and payable to the Subordinate Lender(s) thereunder. There exists no material violation of or material default by the Borrower under, and no event has occurred which, upon the giving of notice or the passage of time, or both, would constitute a material default under the Subordinate Loan Documents.

Section 4.2 Survival of Representations and Covenants. All of the representations and warranties in Section 4.1 hereof and elsewhere in the Borrower Loan Documents (i) shall survive for so long as any portion of the Borrower Payment Obligations remains due and owing and (ii) shall be deemed to have been relied upon by the Governmental Lender, the Funding Lender Representative and the Servicer notwithstanding any investigation heretofore or hereafter made by the Governmental Lender, the Funding Lender Representative or the Servicer or on its or their behalf, provided, however, that the representations, warranties and covenants set forth in Section 4.1.31 hereof shall survive in perpetuity and shall not be subject to the exculpation provisions of Section 10.1 hereof.

ARTICLE V

AFFIRMATIVE COVENANTS

During the term of this Borrower Loan Agreement, the Borrower hereby covenants and agrees with the Governmental Lender, the Fiscal Agent, the Funding Lender Representative and the Servicer that:

Section 5.1 Existence. The Borrower shall (i) do or cause to be done all things necessary to preserve, renew and keep in full force and effect its existence and its material rights, and franchises, (ii) continue to engage in the business presently conducted by it, (iii) obtain and maintain all material Licenses, and (iv) qualify to do business and remain in good standing under the laws of the State.

Section 5.2 Taxes and Other Charges. The Borrower shall pay all Taxes and Other Charges as the same become due and payable and prior to their becoming delinquent in accordance with the Security Instrument, except to the extent that the amount, validity or application thereof is being contested in good faith as permitted by the Security Instrument.

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

Section 5.3 Repairs; Maintenance and Compliance; Physical Condition. The Borrower shall cause the Project to be maintained in a good, habitable and safe (so as to not threaten the health or safety of the Project's tenants or their invited guests) condition and repair (reasonable wear and tear excepted) as set forth in the Security Instrument and shall not remove, demolish or materially alter the Improvements or Equipment (except for removal of aging or obsolete equipment or furnishings in the normal course of business), except as provided in the Security Instrument.

Section 5.4 Litigation. The Borrower shall give prompt Written Notice to the Governmental Lender, the Funding Lender Representative and the Servicer of any litigation, governmental proceedings or claims or investigations regarding an alleged actual violation of a Legal Requirement pending or, to the Borrower's knowledge, threatened against the Borrower which might materially adversely affect the Borrower's condition (financial or otherwise) or business or the Project.

Section 5.5 Performance of Other Agreements. The Borrower shall observe and perform in all material respects each and every term to be observed or performed by it pursuant to the terms of any agreement or instrument affecting or pertaining to the Project.

Section 5.6 Notices. The Borrower shall promptly advise the Governmental Lender, the Funding Lender Representative and the Servicer of (i) any Material Adverse Change in the Borrower's financial condition, assets, properties or operations other than general changes in the real estate market or affordable housing finance practices, (ii) any fact or circumstance affecting the Borrower or the Project that materially and adversely affects the Borrower's ability to meet its obligations hereunder or under any of the other Funding Loan Document to which it is a party in a timely manner, or (iii) the occurrence of any Potential Default or Event of Default of which the Borrower has knowledge. If the Borrower becomes subject to federal or state securities law filing requirements, the Borrower shall cause to be delivered to the Governmental Lender, the Funding Lender Representative and the Servicer any Securities and Exchange Commission or other public filings, if any, of the Borrower within two (2) Business Days of such filing.

Section 5.7 Cooperate in Legal Proceedings. The Borrower shall cooperate fully with the Governmental Lender, the Funding Lender Representative, the Fiscal Agent and the Servicer with respect to, and permit the Governmental Lender, the Funding Lender Representative, the Fiscal Agent and the Servicer at their option, to participate in, any proceedings before any Governmental Authority that may in any way affect the rights of the Governmental Lender, the Funding Lender Representative, the Fiscal Agent and/or the Servicer under any Funding Loan Document.

Section 5.8 Further Assurances. The Borrower shall, at the Borrower's sole cost and expense (except as provided in Section 8.1 hereof), (i) furnish to the Servicer and the Funding Lender Representative all instruments, documents, boundary surveys, footing or foundation surveys (to the extent that the Borrower's construction or rehabilitation of the Project alters any existing building foundations or footprints), certificates, plans and specifications, appraisals, title and other insurance reports and agreements relating to the Project, reasonably requested by the Servicer or the Funding Lender Representative for the better and more efficient carrying out of the intents and purposes of the Funding Loan Documents; (ii) execute and deliver to the Servicer and the Funding Lender Representative such documents, instruments, certificates, assignments and other writings, and do such other acts necessary or desirable, to evidence, preserve and/or protect the Collateral at any time securing or intended to secure the Borrower Loan, as the Servicer, the Fiscal Agent and the Funding Lender Representative may reasonably require from time to time; (iii) do and execute all and such further lawful and reasonable acts, conveyances and assurances for the better and more effective carrying out of the intents and purposes of the Funding Loan Documents, as the Servicer, the Fiscal Agent or the Funding Lender Representative shall reasonably require from time to time; provided, however, with respect to clauses (i)-(iii) above, the Borrower shall not be required to do anything that has the effect of (A) changing the essential economic terms of the Borrower Loan or (B) imposing upon the Borrower greater personal liability under the Funding Loan Documents; and (iv) upon the Servicer's, the Fiscal Agent's or the Funding Lender Representative's request therefor given from time to time after the occurrence of any Potential Default or Event of Default for so long as such Potential Default or Event of Default, as applicable, is continuing, pay for (a) reports of UCC, federal tax lien, state tax lien, judgment and pending litigation searches with respect to the Borrower and (b) searches of title to the Project, each such search to be conducted by search firms reasonably designated by the Servicer, or the Funding Lender Representative in each of the locations reasonably designated by the Servicer, or the Funding Lender Representative.

Section 5.9 Delivery of Financial Information. After notice to the Borrower of the issuance of a Secondary Market Disclosure Document, the Borrower shall, concurrently with any delivery to the Funding Lender Representative or the Servicer, deliver copies of all financial information required under Article VIII hereof.

Section 5.10 Environmental Matters. So long as the Borrower owns or is in possession of the Project, the Borrower shall (a) keep the Project in compliance with all Hazardous Materials Laws (as defined in the Security Instrument), (b) promptly notify the Funding Lender Representative and the Servicer if the Borrower shall become aware that any Hazardous Materials (as defined in the Security Instrument) are on or near the Project in violation of Hazardous Materials Laws, and (c) commence and thereafter diligently prosecute to completion all remedial work necessary with respect to the Project required under any Hazardous Material Laws, in each case as set forth in the Security Instrument or the Agreement of Environmental Indemnification.

Section 5.11 The Governmental Lender's Fees, the Fiscal Agent's Fees and the Funding Lender Representative's Fees. The Borrower covenants to pay the reasonable fees and expenses of the Governmental Lender (including the Ongoing Governmental Lender Fee), the Fiscal Agent (including the Fiscal Agent Fees) and the Funding Lender Representative or any agents, attorneys, accountants, consultants selected by the Governmental Lender, the Fiscal Agent or the Funding Lender Representative

to act on its behalf in connection with this Borrower Loan Agreement and the other Funding Loan Documents, including, without limitation, any and all reasonable expenses incurred in connection with the making of the Borrower Loan or in connection with any litigation which may at any time be instituted involving the Borrower Loan, this Borrower Loan Agreement, the other Funding Loan Documents 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. This obligation shall remain valid and in effect notwithstanding repayment of the Borrower Loan hereunder or termination of this Borrower Loan Agreement.

Section 5.12 Estoppel Statement. The Borrower shall furnish to the Funding Lender Representative, the Fiscal Agent or the Servicer for the benefit of the Funding Lender Representative or the Servicer within ten (10) days after request by the Funding Lender Representative and the Servicer, with a statement, duly acknowledged and certified, setting forth (i) the unpaid principal of the Borrower Note, (ii) the applicable Interest Rate, (iii) the date installments of interest and/or principal were last paid, (iv) any offsets or defenses to the payment of the Borrower Payment Obligations, and (v) that the Funding Loan Documents to which the Borrower is a party are valid, legal and binding obligations of the Borrower and have not been modified or, if modified, giving particulars of such modification, and no Event of Default exists thereunder or specify any Event of Default that does exist thereunder. The Borrower shall use commercially reasonable efforts to furnish to the Funding Lender Representative or the Servicer, within thirty (30) days of a request by the Funding Lender Representative or the Servicer, tenant estoppel certificates from each commercial tenant at the Project in form and substance reasonably satisfactory to the Funding Lender Representative and the Servicer; provided that the Funding Lender Representative and the Servicer shall not make such requests more frequently than twice in any year.

Section 5.13 Defense of Actions. The Borrower shall appear in and defend any action or proceeding purporting to affect the security for this Borrower Loan Agreement hereunder or under the Funding Loan Documents, and shall pay, in the manner required by Section 2.4 hereof, all costs and expenses, including the cost of evidence of title and attorneys' fees, in any such action or proceeding in which the Funding Lender Representative may appear. If the Borrower fails to perform any of the covenants or agreements contained in this Borrower Loan Agreement or any other Funding Loan Document, or if any action or proceeding is commenced that is not diligently defended by the Borrower which affects the Funding Lender Representative's interest in the Project or any part thereof, including eminent domain, code enforcement or proceedings of any nature whatsoever under any federal or state law, whether now existing or hereafter enacted or amended, then the Funding Lender Representative may make such appearances, disburse such sums and take such action as the Funding Lender Representative deems necessary or appropriate to protect its interests. Such actions include disbursement of attorneys' fees, entry upon the Project to make repairs or take other action to protect the security of the Project, and payment, purchase, contest or compromise of any encumbrance, charge or lien which in the judgment of the Funding Lender Representative appears to be prior or superior to the Funding Loan Documents. The Funding Lender Representative shall have no obligation to do any of the above. The Funding Lender Representative may take any such action following Borrower's failure to perform any of the covenants or agreements contained in this Borrower Loan Agreement or any other Funding Loan Document, without notice to or demand upon the Borrower. No such action shall release the Borrower from any obligation under this Borrower Loan Agreement or any of the other Funding Loan Documents. In the event (i) that the Security Instrument is foreclosed in whole or in part or that any Funding Loan Document is put into the hands of an attorney for collection, suit, action or foreclosure, or (ii) of the foreclosure of any mortgage, deed of trust or deed to secure debt prior to or subsequent to the Security Instrument or any Funding Loan Document in which proceeding the Funding Lender Representative is made a party or (iii) of the bankruptcy of the Borrower or an assignment by the Borrower for the benefit of its creditors, the Borrower shall be chargeable with and agrees to pay all costs of collection and defense, including actual attorneys' fees in connection therewith.

and in connection with any appellate proceeding or post-judgment action involved therein, which shall be due and payable together with all required service or use taxes.

Section 5.14 Expenses. The Borrower shall pay all reasonable expenses incurred by the Governmental Lender, the Fiscal Agent, the Funding Lender Representative and the Servicer (except as provided in Section 8.1 hereof) in connection with the Borrower Loan and the Funding Loan, including reasonable fees and expenses of the Governmental Lender's, the Fiscal Agent's, the Funding Lender Representative's and the Servicer's attorneys, environmental, engineering and other consultants, and fees, charges or taxes for the recording or filing of the Funding Loan Documents. The Borrower shall pay or cause to be paid all reasonable expenses of the Governmental Lender, the Fiscal Agent, the Funding Lender Representative and the Servicer (except as provided in Section 8.1 hereof) in connection with the issuance or administration of the Borrower Loan and the Funding Loan, including audit costs, inspection fees, settlement of condemnation and casualty awards, and premiums for title insurance and endorsements thereto. The Borrower shall, upon request, promptly reimburse the Governmental Lender, the Fiscal Agent, the Funding Lender Representative and the Servicer for all reasonable amounts expended, advanced or incurred by the Governmental Lender, the Fiscal Agent, the Funding Lender Representative and the Servicer to collect the Borrower Note, or to enforce the rights of the Governmental Lender, the Funding Lender Representative, the Fiscal Agent and the Servicer under this Borrower Loan Agreement or any other Funding Loan Document, or to defend or assert the rights and claims of the Governmental Lender, the Funding Lender Representative, the Fiscal Agent and the Servicer under the Funding Loan Documents arising out of an Event of Default or with respect to the Project (by litigation or other proceedings) arising out of an Event of Default, which amounts will include all court costs, attorneys' fees and expenses, fees of auditors and accountants, and investigation expenses as may be reasonably incurred by the Governmental Lender, the Fiscal Agent, the Funding Lender Representative and the Servicer in connection with any such matters (whether or not litigation is instituted), together with interest at the Default Rate on each such amount from the Date of Disbursement until the date of reimbursement to the Governmental Lender, the Fiscal Agent, the Funding Lender Representative and the Servicer, all of which shall constitute part of the Borrower Loan and the Funding Loan and shall be secured by the Funding Loan Documents. The obligations and liabilities of the Borrower under this Section 5.14 shall survive the Term of this Borrower Loan Agreement and the exercise by the Governmental Lender, the Fiscal Agent, the Funding Lender Representative or the Servicer, as the case may be, of any of its rights or remedies under the Funding Loan Documents, including the acquisition of the Project by foreclosure or a conveyance in lieu of foreclosure. Any obligations of the Borrower to pay for environmental inspections or audits will be governed by the Security Instrument.

Section 5.15 Indemnity. In addition to its other obligations hereunder, and in addition to any and all rights of reimbursement, indemnification, subrogation and other rights of the Governmental Lender, the Fiscal Agent or the Funding Lender Representative pursuant hereto and under law or equity or other agreement (including the Regulatory Agreement), to the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Governmental Lender, the Fiscal Agent, the Funding Lender Representative, the Servicer, the Beneficiary Parties and each of their respective officers, directors, employees, attorneys and agents (each an "**Indemnified Party**"), against any and all losses, damages, claims, actions, liabilities, reasonable costs and expenses of any nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement (to the extent that the Borrower has consented to such settlement) and amounts paid to discharge judgments) (hereinafter, the "**Liabilities**") to which the Indemnified Parties, or any of them, may become subject under federal or state securities laws or any other statutory law or at common law or otherwise, to the extent arising out of or based upon or in any way relating to:

(a) The Funding Loan Documents or the execution or amendment thereof or in connection with transactions contemplated thereby, including the sale, transfer or resale of the Borrower Loan or the

Funding Loan, except that indemnification of the Funding Lender Representative and the Servicer with respect to any Secondary Market Disclosure Document shall be as set forth in Section 8.1.3 hereof;

(b) Any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Borrower Loan, the Funding 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, rehabilitation or construction or installation of, the Project or any part thereof;

(c) Any lien (other than a Permitted Lien) or charge upon payments by the Borrower to the Governmental Lender, the Fiscal Agent or the Funding Lender Representative hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and Other Charges imposed on the Governmental Lender, the Fiscal Agent or the Funding Lender Representative in respect of any portion of the Project;

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

(e) The enforcement of, or any action taken by the Governmental Lender, the Fiscal Agent or the Funding Lender Representative related to remedies under, this Borrower Loan Agreement and the other Funding Loan Documents;

(f) Any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower made in the course of the Borrower's applying for the Borrower Loan or the Funding Loan or contained in any of the Funding Loan Documents to which the Borrower is a party;

(g) Any Determination of Taxability;

(h) Any breach (or alleged breach) by the Borrower of any representation, warranty or covenant made in or pursuant to this Borrower Loan Agreement or in connection with any written or oral representation, presentation, report, appraisal or other information given or delivered by the Borrower, the General Partner, the Guarantor or their Affiliates to Governmental Lender, the Funding Lender Representative, the Servicer, the Fiscal Agent or any other Person in connection with the Borrower's application for the Borrower Loan and the Funding Loan;

(i) any failure (or alleged failure) by the Borrower or the Funding Lender Representative to comply with applicable federal and state laws and regulations pertaining to the making of the Borrower Loan and the Funding Loan;

(j) the Project, or the condition, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, rehabilitation, installation or construction of, the Project or any part thereof; or

(k) the use of the proceeds of the Borrower Loan and the Funding Loan, except in the case of the foregoing indemnification of the Governmental Lender, the Fiscal Agent, the Funding Lender Representative or the Servicer or any related Indemnified Party, to the extent such damages are caused by the gross negligence or willful misconduct of such Indemnified Party. Notwithstanding anything herein to the contrary, the Borrower's indemnification obligations to the parties specified in Section 8.1.4 hereof with respect to any securitization or Secondary Market Transaction described in Article VIII hereof shall be

limited to the indemnity set forth in Section 8.1.4 hereof. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon Written Notice from the Indemnified Party (which notice shall be timely given so as not to materially impair the Borrower's right to defend), shall assume the investigation and defense thereof, including the employment of counsel reasonably approved by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement, which approval shall not be unreasonably withheld, conditioned or delayed. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof. The 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 the Borrower if and only if in such Indemnified Party's good faith judgment (based on the advice of counsel) a conflict of interest exists or could arise by reason of common representation.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Borrower Loan Agreement and the Regulatory Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section 5.15 if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless the Governmental Lender and the Funding Lender Representative have consented in writing to such transfer and to the assignment of the rights and obligations of the Borrower hereunder.

The rights of any persons to indemnity hereunder shall survive the final payment or defeasance of the Borrower Loan and the Funding Loan and in the case of the Servicer and the Fiscal Agent, any resignation or removal. The provisions of this Section 5.15 shall survive the termination of this Borrower Loan Agreement.

Section 5.16 No Warranty of Condition or Suitability by the Governmental Lender or the Funding Lender Representative. Neither the Governmental Lender nor the Funding Lender Representative makes any warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Borrower's purposes or needs.

Section 5.17 Right of Access to the Project. The Borrower agrees that the Governmental Lender, the Funding Lender Representative, the Servicer and the Construction Inspector, and their duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right, but no obligation, at all reasonable times during business hours and upon reasonable notice, to enter onto the Land (a) to examine, test and inspect the Project without material interference or prejudice to the Borrower's operations and (b) to perform such work in and about the Project made necessary by reason of the Borrower's default under any of the provisions of this Borrower Loan Agreement. The Governmental Lender, the Funding Lender Representative, the Servicer, and their duly authorized agents, attorneys, accountants and representatives shall also be permitted, without any obligation to do so, at all reasonable times and upon reasonable notice during business hours, to examine the books and records of the Borrower with respect to the Project.

Section 5.18 Notice of Default. The Borrower will advise in writing, the Governmental Lender, the Fiscal Agent, the Funding Lender Representative and the Servicer as soon as possible, and in any event not later than five (5) Business Days after the occurrence of any Potential Default or Event of Default hereunder, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto.

Section 5.19 Covenant with the Governmental Lender and the Funding Lender Representative. The Borrower agrees that this Borrower Loan Agreement is executed and delivered in part to induce the purchase by others of the Governmental Lender Note and, accordingly, all covenants and agreements of the Borrower contained in this Borrower Loan Agreement are hereby declared to be for the benefit of the Governmental Lender, the Funding Lender Representative, the Fiscal Agent and any lawful owner, holder or pledgee of the Borrower Note or the Governmental Lender Note from time to time.

Section 5.20 Obligation of the Borrower to Acquire and Rehabilitate the Project. The Borrower shall proceed with reasonable dispatch to acquire, rehabilitate, develop and equip the Project. If the proceeds of the Borrower Loan, together with the Other Borrower Moneys, available to be disbursed to the Borrower are not sufficient to pay the costs of such rehabilitation or construction, development and equipping of the Project, the Borrower shall pay such additional costs from its own funds. The Borrower shall not be entitled to any reimbursement from the Governmental Lender, the Funding Lender Representative, the Fiscal Agent or the Servicer in respect of any such costs or to any diminution or abatement in the repayment of the Borrower Loan. The Governmental Lender, the Fiscal Agent and the Funding Lender Representative shall not be liable to the Borrower or any other person if for any reason the Project is not completed or if the proceeds of the Borrower Loan are insufficient to pay all costs of the Project. The Governmental Lender, the Fiscal Agent and the Funding Lender Representative do not make any representation or warranty, either express or implied, that moneys, if any, which will be made available to the Borrower will be sufficient to complete the Project, and the Governmental Lender, the Fiscal Agent and the Funding Lender Representative shall not be liable to the Borrower or any other person if for any reason the Project is not completed.

Section 5.21 Maintenance of Insurance.

(a) The Borrower will obtain and maintain insurance with respect to the Project and the operations of the Borrower as required from time to time by the Governmental Lender and the Funding Lender Representative. The initial insurance requirements are set forth on Exhibit B hereto. All renewal policies, with premiums paid, shall be delivered to the Governmental Lender and the Funding Lender Representative at least thirty (30) days before expiration of the existing policies. If any such insurance shall expire or be canceled, or become void or voidable by reason of the breach of any condition of coverage, or if the Governmental Lender and the Funding Lender Representative determines that any coverage is unsatisfactory by reason of the failure or impairment of the capital of any insurance carrier, or if any insurance is unsatisfactory to the Governmental Lender and the Funding Lender Representative, in its sole judgment, the Borrower shall promptly place new insurance satisfactory to the Governmental Lender and the Funding Lender Representative.

(b) The Borrower will provide the Governmental Lender and the Funding Lender Representative with certificates evidencing such insurance upon the request of the Governmental Lender and the Funding Lender Representative.

(c) If the Borrower fails to provide, maintain, keep in force or deliver to the Governmental Lender and the Funding Lender Representative the policies of insurance and certificates required by this Borrower Loan Agreement, the Governmental Lender and the Funding Lender Representative may (but shall have no obligation to) procure such insurance, and the Borrower will pay all premiums thereon promptly on demand by the Governmental Lender and the Funding Lender Representative, and until such payment is made by the Borrower, the amount of all such premiums shall bear interest at the Default Rate.

Section 5.22 Information; Statements and Reports. The Borrower shall furnish or cause to be furnished to the Governmental Lender and the Funding Lender Representative:

(a) Event of Default. As soon as possible, and in any event not later than five (5) Business Days after the occurrence of any Event of Default or Potential Default, a statement of an Authorized Borrower Representative describing the details of such Event of Default or Potential Default and any curative action the Borrower proposes to take;

(b) Financial Reporting Requirements. The Borrower covenants and agrees to comply with the provisions set forth in Exhibit L of the Construction Funding Agreement as if fully set forth herein.

(c) Audit Reports. Promptly upon receipt thereof, copies of all reports, if any, submitted to the Borrower by independent public accountants in connection with each annual, interim or special audit of the financial statements of the Borrower made by such accountants, including the comment letter submitted by such accountants to management in connection with their annual audit;

(d) Notices; Certificates or Communications. Immediately upon giving or receipt thereof, copies of any notices, certificates or other communications delivered at the Project or to the Borrower or the General Partner naming the Governmental Lender or the Funding Lender Representative as addressee or which could reasonably be deemed to affect the structural integrity of the Project or the ability of the Borrower to perform its obligations under the Funding Loan Documents;

(e) Certification of Non-Foreign Status. Promptly upon request of the Funding Lender Representative from time to time, a certification of non-foreign status, executed on or after the date of such request by the Funding Lender Representative;

(f) [Reserved]; and

(g) Other Items and Information. Such other information concerning the assets, business, financial condition, operations, property, prospects and results of operations of the Borrower, the General Partner, the Guarantor or the Project, as the Funding Lender Representative or the Governmental Lender reasonably requests from time to time.

Section 5.23 Additional Notices. The Borrower will, promptly after becoming aware thereof, give notice to the Funding Lender Representative and the Governmental Lender of:

(a) any Lien affecting the Project, or any part thereof, other than Liens expressly permitted under this Borrower Loan Agreement;

(b) any Legal Action which is instituted by or against the Borrower, the General Partner or the Guarantor, or any Legal Action which is threatened against the Borrower, the General Partner or the Guarantor which, in any case, if adversely determined, could have a materially adverse effect upon the business, operations, properties, prospects, assets, management, ownership or condition (financial or otherwise) of the Borrower, the General Partner, the Guarantor or the Project;

(c) any Legal Action which constitutes an Event of Default or a Potential Default or a default under any other Contractual Obligation to which the Borrower, the General Partner or the Guarantor is a party or by or to which the Borrower, the General Partner or the Guarantor, or any of their respective properties or assets, may be bound or subject, which default would have a material adverse effect on the business, operations, assets (including the Project), condition (financial or otherwise) or prospects of the Borrower, the General Partner or the Guarantor, as applicable;

(d) any default, alleged default or potential default on the part of the Borrower under any of the CC&R's (together with a copy of each notice of default, alleged default or potential default received from any other party thereto);

(e) any notice of default, alleged default or potential default on the part of the Borrower received from any tenant or occupant of the Project under or relating to its lease or occupancy agreement (together with a copy of any such notice), if, in the aggregate, notices from at least fifteen percent (15%) of the tenants at the Project have been received by the Borrower with respect to, or alleging, the same default, alleged default or potential default;

(f) any change or contemplated change in (i) the location of the Borrower's or the General Partner's executive headquarters or principal place of business; (ii) the legal, trade, or fictitious business names used by the Borrower or the General Partner; or (iii) the nature of the trade or business of the Borrower; and

(g) any default, alleged default or potential default on the part of any general or limited partner (including, without limitation, the General Partner and the Equity Investor) under the Partnership Agreement.

Section 5.24 Compliance with Other Agreements; Legal Requirements.

(a) The Borrower shall timely perform and comply with, and shall cause the General Partner to timely perform and comply with the covenants, agreements, obligations and restrictions imposed on them under the Partnership Agreement, and the Borrower shall not do or permit to be done anything to impair any such party's rights or interests under any of the foregoing.

(b) The Borrower will comply and, to the extent it is able, will require others to comply with, all Legal Requirements of all Governmental Authorities having jurisdiction over the Project or rehabilitation/construction of the Improvements, and will furnish the Funding Lender Representative with reports of any official searches for or notices of violation of any requirements established by such Governmental Authorities. The Borrower will comply and, to the extent it is able, will require others to comply, with applicable CC&R's and all restrictive covenants and all obligations created by private contracts and leases which affect ownership, rehabilitation/construction, equipping, fixturing, use or operation of the Project, and all other agreements requiring a certain percentage of the Units to be rented to persons of low or moderate income. The Improvements, when completed, shall comply with all applicable building, zoning and other Legal Requirements, and will not violate any restrictions of record against the Project or the terms of any other lease of all or any portion of the Project. The Funding Lender Representative shall at all times have the right to audit, at the Borrower's expense, the Borrower's compliance with any agreement requiring a certain percentage of the Units to be rented to persons of low or moderate income, and the Borrower shall supply all such information with respect thereto as the Funding Lender Representative may request and otherwise cooperate with the Funding Lender Representative in any such audit; provided, however, that prior to the occurrence of an Event of Default, Borrower shall have no obligation to bear the expense of such an audit more than once every three (3) years. Without limiting the generality of the foregoing, the Borrower shall properly obtain, comply with and keep in effect (and promptly deliver copies to the Funding Lender Representative of) all permits, licenses and approvals which are required to be obtained from the Governmental Authorities in order to construct, occupy, operate, market and lease the Project.

(c) The Borrower covenants and agrees to comply with the provisions set forth in **Exhibit F** to this Borrower Loan Agreement, which is incorporated in and made a part of this Borrower Loan Agreement by this reference.

Section 5.25 Completion and Maintenance of Project. The Borrower shall cause the rehabilitation of the Improvements, to be prosecuted with diligence and continuity and completed substantially in accordance with the Plans and Specifications, and in accordance with the Construction Funding Agreement, free and clear of any liens or claims for liens (but without prejudice to the Borrower's rights of contest under Section 9.16 hereof) ("Completion") on or before the Completion Date. The Borrower shall thereafter maintain the Project as a residential and commercial development in good order and condition, ordinary wear and tear excepted. A maintenance program shall be in place at all times to assure the continuation of first class maintenance.

Section 5.26 Fixtures. The Borrower shall deliver to the Funding Lender Representative, on demand, any contracts, bills of sale, statements, receipted vouchers or agreements under which the Borrower or any other Person claims title to any materials, fixtures or articles incorporated into the Improvements.

Section 5.27 Income from Project. The Borrower shall first apply all Gross Income to the Expenses of the Project, including all amounts then required to be paid under the Funding Loan Documents and the funding of all sums necessary to meet the Replacement Reserve Fund Requirement, before using or applying such Gross Income for any other purpose. The Borrower shall not make or permit any distributions or other payments of Net Operating Income to its partners, shareholders or members, as applicable, in each case, without the prior Written Consent of the Funding Lender Representative, except for payment of Net Operating Income to Borrower's affiliates and Equity Investor of the asset management fees and partnership management fees contemplated under the Partnership Agreement and developer fee payments permitted under Section 3.7 of Exhibit E of the Construction Funding Agreement.

Section 5.28 Leases and Occupancy Agreements.

(a) Lease Approval.

(i) The Borrower has submitted to the Funding Lender Representative, and the Funding Lender Representative has approved, the Borrower's standard form of residential tenant lease for use in the Project. The Borrower shall not materially modify that approved lease form without the Funding Lender Representative's prior Written Consent in each instance, which consent shall not be unreasonably withheld, conditioned or delayed. The Borrower may enter into leases of space within the Improvements (and amendments to such leases) in the ordinary course of business with bona fide third party tenants without the Funding Lender Representative's prior Written Consent if:

(A) The lease is a Permitted Lease, and is executed in the form approved by the Funding Lender Representative in accordance with the Construction Funding Agreement;

(B) The Borrower, acting in good faith following the exercise of due diligence, has determined that the tenant meets requirements imposed under any applicable CC&R; and

(C) The lease reflects an arm's-length transaction, subject to the requirement that the Borrower comply with any applicable CC&R.

(ii) If any Event of Default has occurred and is continuing, the Funding Lender Representative may make written demand on the Borrower to submit all future leases for the

Funding Lender Representative's Written Approval prior to execution. The Borrower shall comply with any such demand by the Funding Lender Representative.

(iii) No Written Approval of any lease by the Funding Lender Representative shall be for any purpose other than to protect the Funding Lender Representative's security for the Borrower Loan and to preserve the Funding Lender Representative's rights under the Funding Loan Documents. No Written Approval by the Funding Lender Representative shall result in a waiver of any default of the Borrower. In no event shall any Written Approval by the Funding Lender Representative of a lease be a representation of any kind with regard to the lease or its enforceability, or the financial capacity of any tenant or guarantor.

(iv) Other than the Commercial Master Lease and Commercial Subleases, Borrower shall not enter into any commercial lease for the Project without the express prior written consent of the Funding Lender Representative.

(b) Landlord's Obligations. The Borrower shall perform all obligations required to be performed by it as landlord under any lease affecting any part of the Project or any space within the Improvements.

(c) Leasing and Marketing Agreements. Except as may be contemplated in the Management Agreement with the Manager, the Borrower shall not without the Written Approval of the Funding Lender Representative enter into any leasing or marketing agreement and the Funding Lender Representative reserves the right to approve the qualifications of any marketing or leasing agent.

Section 5.29 Project Agreements and Licenses. To the extent not heretofore delivered to the Funding Lender Representative, the Borrower will furnish to the Funding Lender Representative, as soon as available, true and correct copies of all Project Agreements and Licenses and the Plans and Specifications, together with assignments thereof to the Funding Lender Representative and consents in writing to such assignments where required by the Funding Lender Representative, all in form and substance acceptable to the Funding Lender Representative. Neither the Borrower nor the General Partner has assigned or granted, or will assign or grant, a security interest in any of the Project Agreements and Licenses, other than to the Funding Lender Representative and/or the Governmental Lender.

Section 5.30 Payment of Debt Payments. In addition to its obligations under the Borrower Note, the Borrower will (i) duly and punctually pay or cause to be paid all principal of and interest on any Debt of the Borrower as and when the same become due on or before the due date; (ii) comply with and perform all conditions, terms and obligations of other instruments or agreements evidencing or securing such Debt; (iii) promptly inform the Funding Lender Representative of any default, or anticipated default, under any such note, agreement, instrument; and (iv) forward to the Funding Lender Representative a copy of any notice of default or notice of any event that might result in default under any such note, agreement, instrument, including Liens encumbering the Project, or any portion thereof, which have been subordinated to the Security Instrument (regardless of whether or not permitted under this Borrower Loan Agreement).

Section 5.31 ERISA. The Borrower will comply, and will cause each of its ERISA Affiliates to comply, in all respects with the provisions of ERISA.

Section 5.32 Patriot Act Compliance. The Borrower shall use its good faith and commercially reasonable efforts to comply with the Patriot Act and all applicable requirements of the Governmental Authorities having jurisdiction over the Borrower and/or the Project, including those relating to money laundering and terrorism. The Funding Lender Representative shall have the right to audit the Borrower's compliance with the Patriot Act and all applicable requirements of the Governmental Authorities having

jurisdiction over the Borrower and/or the Project, including those relating to money laundering and terrorism. In the event that the Borrower fails to comply with the Patriot Act or any such requirements of the Governmental Authorities, then the Funding Lender Representative may, at its option, cause the Borrower to comply therewith and any and all costs and expenses incurred by the Funding Lender Representative in connection therewith shall be secured by the Security Instrument and shall be immediately due and payable.

Section 5.33 Funds from Equity Investor. Borrower shall not commit a default or fail to meet a condition under the Partnership Agreement that would prevent the Equity Investor from funding all installments of the Equity Contributions in the amounts and at the times subject and according to the terms of the Partnership Agreement (during any time that the Funding Lender Representative and Equity Investor are affiliated entities). All Borrower Required Equity shall be deposited in the Borrower Equity Account of the Project Fund held by the Fiscal Agent under the Funding Loan Agreement for disbursement to the Borrower upon receipt from the Borrower of a Written Requisition in accordance with the terms of the Funding Loan Agreement and the Construction Funding Agreement.

Section 5.34 Tax Covenants. The Borrower further represents, warrants and covenants as follows:

(a) General. The Borrower shall not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the exclusion of interest on the Governmental Lender Note from gross income (as defined in Section 61 of the Code), for federal income tax purposes and, if it should take or permit any such action, the Borrower will take all lawful actions that it can take to rescind such action promptly upon having knowledge thereof and that the Borrower will take such action or actions, including amendment of this Borrower Loan Agreement, the Security Instrument and the Regulatory Agreement, as may be necessary, in the opinion of Tax Counsel, to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service applicable to the Governmental Lender Note, the Funding Loan or affecting the Project. Capitalized terms used in this Section 5.34 shall have the respective meanings assigned to them in the Regulatory Agreement or, if not defined therein, in the Funding Loan Agreement. With the intent not to limit the generality of the foregoing, the Borrower covenants and agrees that, prior to the final maturity of the Governmental Lender Note, unless it has received and filed with the Governmental Lender and the Funding Lender Representative a Tax Counsel No Adverse Effect Opinion (other than with respect to interest on any portion of the Governmental Lender Note for a period during which such portion of the Governmental Lender Note is held by a “substantial user” of any facility financed with the proceeds of the Governmental Lender Note or a “related person,” as such terms are used in Section 147(a) of the Code), the Borrower will comply with this Section 5.34.

(b) Use of Proceeds. The use of the net proceeds of the Funding Loan at all times will satisfy the following requirements:

(i) Limitation on Net Proceeds. At least ninety seven percent (97%) of the net proceeds of the Funding Loan (within the meaning of the Code) actually expended shall be used to pay Qualified Project Costs that are costs of a “qualified residential rental project” (within the meaning of Sections 142(a)(7) and 142(d) of the Code) and property that is “functionally related and subordinate” thereto (within the meaning of Sections 1.103-8(a)(3) and 1.103-8(b)(4)(iii) of the Regulations).

(ii) Limit on Costs of Funding. The proceeds of the Funding Loan will be expended for the purposes set forth in this Borrower Loan Agreement and in the Funding Loan Agreement and no portion thereof in excess of two percent (2%) of the proceeds of the Funding Loan, within

the meaning of Section 147(g) of the Code, will be expended to pay Costs of Funding of the Funding Loan.

(iii) Prohibited Facilities. The Borrower shall not use or permit the use of any proceeds of the Funding Loan or any income from the investment thereof to provide any airplane, skybox, or other private luxury box, health club facility, any facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(iv) Limitation on Land. Less than twenty five percent (25%) of the net proceeds of the Funding Loan actually expended will be used, directly or indirectly, for the acquisition of land or an interest therein, nor will any portion of the net proceeds of the Funding Loan be used, directly or indirectly, for the acquisition of land or an interest therein to be used for farming purposes.

(v) Limitation on Existing Facilities. No portion of the net proceeds of the Funding Loan will be used for the acquisition of any existing property or an interest therein unless (A) the first use of such property is pursuant to such acquisition or (B) the rehabilitation expenditures with respect to any building and the equipment therefor equal or exceed fifteen percent (15%) of the cost of acquiring such building financed with the proceeds of the Funding Loan (with respect to structures other than buildings, this clause shall be applied by substituting one hundred percent (100%) for fifteen percent (15%)). For purposes of the preceding sentence, the term “rehabilitation expenditures” shall have the meaning set forth in Section 147(d)(3) of the Code.

(vi) Accuracy of Information. The information furnished by the Borrower and used by the Governmental Lender in preparing its certifications with respect to Section 148 of the Code and the Borrower’s information statement pursuant to Section 149(e) of the Code is accurate and complete as of the date of origination of the Funding Loan.

(vii) Limitation of Project Expenditures. The acquisition, rehabilitation/construction, development and equipping of the Project were not commenced (within the meaning of Section 144(a) of the Code) prior to the sixtieth (60th) day preceding the adoption of the resolution of the Governmental Lender with respect to the Project on June 19, 2020, and no obligation for which reimbursement will be sought from proceeds of the Funding Loan relating to the acquisition, construction, rehabilitation, development or equipping of the Project was paid or incurred prior to sixty (60) days prior to such date, except for permissible “preliminary expenditures”, which include architectural, engineering surveying, soil testing, reimbursement bond issuance and similar costs incurred prior to the commencement of construction, rehabilitation or acquisition of the Project.

(viii) Qualified Costs. The Borrower hereby represents, covenants and warrants that the proceeds of the Funding Loan shall be used or deemed used exclusively to pay costs which are (A) capital expenditures (as defined in Section 1.150-1(a) of the Code’s regulations), (B) not made for the acquisition of existing property, to the extent prohibited in Section 147(d) of the Code and (C) allocated so that each building and the land on which it is located will have been financed fifty percent (50%) or more by the proceeds of the Funding Loan for the purpose of complying with Section 42(h)(4)(B) of the Code; provided however, the foregoing representation, covenant and warranty is made for the benefit of the Borrower and its partners and neither the Funding Lender Representative nor the Governmental Lender shall have any obligation to enforce this statement nor shall they incur any liability to any person, including without limitation, the Borrower, the partners of the Borrower, any other affiliate of the Borrower or the holders or payees of the Funding Loan and the Borrower Note for any failure to meet the intent expressed in the foregoing representation, covenant and warranty; and provided further, failure to comply with this

representation, covenant and warranty shall not constitute a default or event of default under this Borrower Loan Agreement or the Funding Loan Agreement.

(c) Limitation on Maturity. The average maturity of the Governmental Lender Note does not exceed one hundred and twenty percent (120%) of the average reasonably expected economic life of the Project to be financed by the Funding Loan, weighted in proportion to the respective cost of each item comprising the property the cost of which has been or will be financed, directly or indirectly, with the net proceeds of the Funding Loan. For purposes of the preceding sentence, the reasonably expected economic life of property shall be determined as of the later of (A) the Closing Date for the Funding Loan or (B) the date on which such property is placed in service (or expected to be placed in service). In addition, land shall not be taken into account in determining the reasonably expected economic life of property.

(d) No Arbitrage. The Borrower shall not take any action or omit to take any action with respect to the Gross Proceeds of the Funding Loan or of any amounts expected to be used to pay the principal thereof or the interest thereon which, if taken or omitted, respectively, would cause the Governmental Lender Note to be classified as an “arbitrage bond” within the meaning of Section 148 of the Code. Except as provided in the Funding Loan Agreement and this Borrower Loan Agreement, the Borrower shall not pledge or otherwise encumber, or permit the pledge or encumbrance of, any money, investment, or investment property as security for payment of any amounts due under this Borrower Loan Agreement or the Borrower Note relating to the Funding Loan, shall not establish any segregated reserve or similar fund for such purpose and shall not prepay any such amounts in advance of the payment date of an equal principal amount of the Funding Loan, unless the Borrower has obtained in each case a Tax Counsel No Adverse Effect Opinion with respect to such action, a copy of which shall be provided to the Governmental Lender and the Funding Lender Representative. The Borrower shall not, at any time prior to the final maturity of the Funding Loan, invest or cause any Gross Proceeds to be invested in any investment (or to use Gross Proceeds to replace money so invested), if, as a result of such investment the Yield of all investments acquired with Gross Proceeds (or with money replaced thereby) on or prior to the date of such investment exceeds the Yield of the Funding Loan to the Maturity Date, except as permitted by Section 148 of the Code and Regulations thereunder or as provided in the Regulatory Agreement. The Borrower further covenants and agrees that it will comply with all applicable requirements of said Section 148 and the rules and Regulations thereunder relating to the Funding Loan and the interest thereon, including the employment of a Rebate Analyst acceptable to the Governmental Lender and the Funding Lender Representative at all times from and after the Closing Date for the calculation of rebatable amounts to the United States Treasury Department. The Borrower agrees that it will cause the Rebate Analyst to calculate the rebatable amounts not later than forty-five (45) days after the fifth (5th) anniversary of the Closing Date and each five (5) years thereafter and not later than forty-five (45) days after the final Computation Date and agrees that the Borrower will pay all costs associated therewith. The Borrower agrees to provide evidence of the employment of the Rebate Analyst satisfactory to the Governmental Lender and the Funding Lender Representative.

(e) No Federal Guarantee. Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the Borrower shall not take or omit to take any action which would cause the Governmental Lender Note to be “federally guaranteed” within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

(f) Representations. The Borrower has supplied or caused to be supplied to Tax Counsel all documents, instruments and written information requested by Tax Counsel, and all such documents, instruments and written information supplied by or on behalf of the Borrower at the request of Tax Counsel, which have been reasonably relied upon by Tax Counsel in rendering its opinion with respect to the exclusion from gross income of the interest on the Governmental Lender Note for federal income tax purposes, are true and correct in all material respects, do not contain any untrue statement of a material fact

and do not omit to state any material fact necessary to be stated therein in order to make the information provided therein, in light of the circumstances under which such information was provided, not misleading, and the Borrower is not aware of any other pertinent information which Tax Counsel has not requested.

(g) Qualified Residential Rental Project. The Borrower hereby covenants and agrees that the Project will be operated as a “qualified residential rental project” within the meaning of Section 142(d) of the Code, on a continuous basis during the longer of the Qualified Project Period (as defined in the Regulatory Agreement) or any period during which any portion of the Governmental Lender Note remains outstanding, to the end that the interest on the Governmental Lender Note shall be excluded from gross income for federal income tax purposes. The Borrower hereby covenants and agrees, continuously during the Qualified Project Period, to comply with all the provisions of the Regulatory Agreement.

(h) Information Reporting Requirements. The Borrower will comply with the information reporting requirements of Section 149(e)(2) of the Code requiring certain information regarding the Governmental Lender Note to be filed with the Internal Revenue Service within prescribed time limits.

(i) Funding Loan Not a Hedge Bond. The Borrower covenants and agrees that not more than fifty percent (50%) of the proceeds of the Funding Loan will be invested in Nonpurpose Investments having a substantially guaranteed Yield for four (4) years or more within the meaning of Section 149(f)(3)(A)(ii) of the Code, and the Borrower reasonably expects that at least eighty five percent (85%) of the spendable proceeds of the Funding Loan will be used to carry out the governmental purposes of the Funding Loan within the three (3) year period beginning on the Closing Date.

(j) Termination of Restrictions. Although the parties hereto recognize that, subject to the provisions of the Regulatory Agreement, the provisions of this Borrower Loan Agreement shall terminate in accordance with Section 9.14 hereof, the parties hereto recognize that pursuant to the Regulatory Agreement, certain requirements, including the requirements incorporated by reference in this Section, may continue in effect beyond the term hereof.

(k) Public Approval. The Borrower covenants and agrees that the proceeds of the Funding Loan will not be used in a manner that deviates in any substantial degree from the Project described in the written notice of a public hearing regarding the Funding Loan.

(l) 40/60 Test Election. The Borrower and the Governmental Lender hereby elect to apply the requirements of Section 142(d)(1)(B) to the Project and to each Project Site individually. The Borrower hereby represents, covenants and agrees, continuously during the Qualified Project Period, to comply with all the provisions of the Regulatory Agreement.

(m) Modification of Tax Covenants. Subsequent to the origination of the Funding Loan and prior to its payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Funding Loan Agreement), this Section 5.34 hereof may not be amended, changed, modified, altered or terminated except as permitted herein and by the Funding Loan Agreement and with the Written Consent of the Governmental Lender and the Funding Lender Representative. Anything contained in this Borrower Loan Agreement or the Funding Loan Agreement to the contrary notwithstanding, the Governmental Lender, the Funding Lender Representative, the Fiscal Agent and the Borrower hereby agree to amend this Borrower Loan Agreement and, if appropriate, the Funding Loan Agreement and the Regulatory Agreement, to the extent required, in the opinion of Tax Counsel, in order to maintain the tax-exempt status of the Governmental Lender Note. The party requesting such amendment, which may include the Funding Lender Representative, shall notify the other parties to this Borrower Loan Agreement of the proposed amendment and send a copy of such requested amendment to Tax Counsel. After review of such proposed amendment, Tax Counsel shall render to the Funding Lender Representative

and the Governmental Lender an opinion as to the effect of such proposed amendment upon the tax-exempt status of the Governmental Lender Note. The Borrower shall pay all necessary fees and expenses incurred with respect to such amendment. The Borrower, the Governmental Lender and, where applicable, the Funding Lender Representative per written instructions from the Governmental Lender shall execute, deliver and, if applicable, the Borrower shall file of record, any and all documents and instruments, including without limitation, an amendment to the Regulatory Agreement, with a file-stamped copy to the Funding Lender Representative, necessary to effectuate the intent of this Section 5.34, and the Borrower and the Governmental Lender hereby appoint the Funding Lender Representative as their true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Borrower or the Governmental Lender, as is applicable, any such document or instrument (in such form as may be approved by and upon instruction of Tax Counsel) if either the Borrower or the Governmental Lender defaults in the performance of its obligation under this Section 5.34; provided, however, that the Funding Lender Representative shall take no action under this Section 5.34 without first notifying the Borrower or the Governmental Lender, as is applicable, of its intention to take such action and providing the Borrower or the Governmental Lender, as is applicable, a reasonable opportunity to comply with the requirements of this Section 5.34.

The Borrower irrevocably authorizes and directs the Fiscal Agent and any other agent designated by the Governmental Lender to make payment of any fees and expenses incurred with respect to any amendment referenced above from funds of the Borrower, if any, held by the Fiscal Agent or the Funding Lender Representative, or any agent of the Governmental Lender or the Funding Lender Representative.

(n) Compliance with Tax Certificate; Tax Certificate Controls Over Conflicting Provisions. In furtherance of the covenants in this section, the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which is by this reference incorporated into herein and made a part hereof as if fully set forth herein. In the event of any conflict between the requirements of this Borrower Loan Agreement, including this Section 5.34 and Section 5.35 below, and those of the Tax Certificate, the Tax Certificate shall control.

Section 5.35 Payment of Rebate.

(a) Arbitrage Rebate. The Borrower agrees to take all steps necessary to compute and pay any rebatable arbitrage relating to the Funding Loan or the Governmental Lender Note in accordance with Section 148(f) of the Code including:

(i) Delivery of Documents and Money on Computation Dates. The Borrower will deliver to the Fiscal Agent, with a copy to the Funding Lender Representative, within fifty-five (55) days after each Computation Date:

(A) a statement, signed by the Borrower, stating the Rebate Amount as of such Computation Date;

(B) if such Computation Date is an Installment Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to at least ninety percent (90%) of the Rebate Amount as of such Installment Computation Date, less any “previous rebate payments” made to the United States (as that term is used in Section 1.148-3(f)(1) of the Regulations), or (2) if such Computation Date is the final Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to the Rebate Amount as of such final Computation Date, less any “previous rebate payments” made to the United States (as that term is used in Section 1.148-3(f)(1) of the Regulations); and

(C) an Internal Revenue Service Form 8038-T properly signed and completed as of such Computation Date.

(ii) Correction of Underpayments. If the Borrower shall discover or be notified as of any date that any payment paid to the United States Treasury pursuant to this Section 5.35 of an amount described in Section 5.35(a)(i)(A) or (B) above shall have failed to satisfy any requirement of Section 1.148-3 of the Regulations (whether or not such failure shall be due to any default by the Borrower, the Governmental Lender or the Funding Lender Representative), the Borrower shall (1) pay to the Fiscal Agent (for deposit to the Rebate Fund) and cause the Fiscal Agent to pay to the United States Treasury from the Rebate Fund the underpayment of the Rebate Amount, together with any penalty and/or interest due, as specified in Section 1.148-3(h) of the Regulations, within one hundred and seventy five (175) days after any discovery or notice and (2) deliver to the Fiscal Agent an Internal Revenue Service Form 8038-T completed as of such date. If such underpayment of the Rebate Amount, together with any penalty and/or interest due, is not paid to the United States Treasury in the amount and manner and by the time specified in the Regulations, the Borrower shall take such steps as are necessary to prevent the Governmental Lender Note from becoming an arbitrage bond within the meaning of Section 148 of the Code.

(iii) Records. The Borrower shall retain all of its accounting records relating to the funds established under this Borrower Loan Agreement and all calculations made in preparing the statements described in this Section 5.35 for at least six (6) years after the later of the final maturity of the Governmental Lender Note or the date the Funding Loan is retired in full.

(iv) Costs. The Borrower agrees to pay all of the fees and expenses of a nationally recognized Tax Counsel, the Rebate Analyst a certified public accountant and any other necessary consultant employed by the Borrower or the Funding Lender Representative in connection with computing the Rebate Amount.

(v) No Diversion of Rebateable Arbitrage. The Borrower will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the Gross Proceeds of the Funding Loan which is not purchased at Fair Market Value or includes terms that the Borrower would not have included if the Funding Loan were not subject to Section 148(f) of the Code.

(vi) Modification of Requirements. If at any time during the term of this Borrower Loan Agreement, the Governmental Lender, the Funding Lender Representative or the Borrower desires to take any action which would otherwise be prohibited by the terms of this Section 5.35, such Person shall be permitted to take such action if it shall first obtain and provide to the other Persons named herein a Tax Counsel No Adverse Effect Opinion with respect to such action.

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

(c) Within thirty (30) days after each receipt or transfer of funds to the Rebate Fund, the Fiscal Agent shall withdraw from the Rebate Fund and pay to the United States of America the entire balance of the Rebate Fund.

(d) All payments to the United States of America pursuant to this Section 5.35 shall be made by the Fiscal Agent for the account and in the name of the Governmental Lender and shall be paid through

the United States Mail (return receipt requested or overnight delivery), addressed to the appropriate Internal Revenue Service Center and accompanied by the appropriate Internal Revenue Service forms (such forms to be provided to the Fiscal Agent by the Borrower or the Rebate Analyst as set forth in this Section 5.35).

(e) The Borrower shall preserve all statements, forms and explanations received delivered pursuant this Section 5.35 and all records of transactions in the Rebate Fund until six (6) years after the retirement of the Funding Loan.

(f) Moneys and securities held in the Rebate Fund shall not be deemed funds of the Fiscal Agent, the Funding Lender Representative or the Governmental Lender and are not pledged or otherwise subject to any security interest in favor of the Funding Lender Representative to secure the Funding Loan or any other obligations.

(g) Notwithstanding anything to the contrary in this Borrower Loan Agreement, no payment shall be made to the United States if the Borrower shall furnish to the Governmental Lender and the Funding Lender Representative an opinion of Tax Counsel to the effect that such payment is not required under Section 148(d) and (f) of the Code in order to maintain the tax-exempt status of the Governmental Lender Note. In such event, the Borrower shall be entitled to withdraw funds from the Rebate Fund to the extent the Borrower shall provide a Tax Counsel No Adverse Effect Opinion (as defined in the Funding Loan Agreement) to the Governmental Lender, the Fiscal Agent and the Funding Lender Representative with respect to such withdrawal.

(h) Notwithstanding the foregoing, the computations and payments of the Rebate Amount referred to in this Section 5.35 need not be made to the extent that neither the Governmental Lender nor the Borrower will thereby fail to comply with any requirements of Section 148(f) of the Code based on a Tax Counsel No Adverse Effect Opinion, a copy of which shall be provided to the Funding Lender Representative.

Section 5.36 Covenants under Funding Loan Agreement. The Borrower will fully and faithfully perform all the duties and obligations which the Governmental Lender has covenanted and agreed in the Funding Loan Agreement to cause the Borrower to perform and any duties and obligations which the Borrower is required in the Funding Loan Agreement to perform. The foregoing will not apply to any duty or undertaking of the Governmental Lender which by its nature cannot be delegated or assigned.

Section 5.37 Notice of Default. The Borrower will advise the Governmental Lender, the Funding Lender Representative, the Fiscal Agent and the Servicer promptly in writing of the occurrence of any Potential Default or Event of Default hereunder, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto.

ARTICLE VI

NEGATIVE COVENANTS

The Borrower hereby covenants and agrees as follows, which covenants shall remain in effect so long as any Borrower Payment Obligation or other obligation of the Borrower under any of the other Funding Loan Documents remains outstanding or unperformed. The Borrower covenants and agrees that it will not, directly or indirectly:

Section 6.1 Management Agreement. Without first obtaining the Funding Lender Representative's prior Written Consent, enter into the Management Agreement, and thereafter the Borrower

shall not, without the Funding Lender Representative's prior Written Consent (which consent shall not be unreasonably withheld, conditioned or delayed) and subject to the Regulatory Agreement: (i) surrender, terminate or cancel the Management Agreement or otherwise replace the Manager or enter into any other management agreement; (ii) reduce or consent to the reduction of the term of the Management Agreement; (iii) increase or consent to the increase of the amount of any charges under the Management Agreement; (iv) otherwise modify, change, supplement, alter or amend in any material respect, or waive or release in any material respect any of its rights and remedies under, the Management Agreement; or (v) suffer or permit the occurrence and continuance of a default beyond any applicable cure period under the Management Agreement (or any successor management agreement) if such default permits the Manager to terminate the Management Agreement (or such successor management agreement).

Section 6.2 Dissolution. Dissolve or liquidate, in whole or in part, merge with or consolidate into another Person.

Section 6.3 Change in Business or Operation of Property. Enter into any line of business other than the ownership and operation of the Project, or make any material change in the scope or nature of its business objectives, purposes or operations, or undertake or participate in activities other than the continuance of its present business and activities incidental or related thereto or otherwise cease to operate the Project as a multifamily residential rental property, or terminate such business for any reason whatsoever (other than temporary cessation in connection with construction/rehabilitation of the Project).

Section 6.4 Debt Cancellation. Cancel or otherwise forgive or release any claim or debt owed to the Borrower by a Person, except for adequate consideration or in the ordinary course of the Borrower's business in its reasonable judgment.

Section 6.5 Assets. Purchase or own any real property or personal property incidental thereto other than the Project.

Section 6.6 Transfers. Make, suffer or permit the occurrence of any Transfer other than a transfer permitted under the Security Instrument and the Regulatory Agreement, nor transfer any material License required for the operation of the Project.

Section 6.7 Debt. Other than as expressly approved in writing by the Funding Lender Representative, create, incur or assume any indebtedness for borrowed money (including subordinate debt) whether unsecured or secured by all or any portion of the Project or interest therein or in the Borrower or any partner thereof (including subordinate debt) other than (i) the Borrower Payment Obligations, (ii) the Subordinate Loan, (iii) secured indebtedness incurred pursuant to or permitted by the Funding Loan Documents, and (iv) trade payables incurred in the ordinary course of business.

Section 6.8 Assignment of Rights. Without the Funding Lender Representative's prior Written Consent, attempt to assign the Borrower's rights or interest under any Funding Loan Document in contravention of any Funding Loan Document.

Section 6.9 Principal Place of Business. Change its principal place of business without providing fifteen (15) days prior Written Notice of the change to the Funding Lender Representative and the Servicer.

Section 6.10 Partnership Agreement. Without the Funding Lender Representative's prior Written Consent (which consent shall not be unreasonably withheld, conditioned or delayed) surrender, terminate, cancel, modify, change, supplement, alter or amend in any material respect, or waive or release in any material respect, any of its rights or remedies under the Partnership Agreement; provided, however, the consent of the Funding Lender Representative is not required for an amendment of the Partnership

Agreement resulting solely from a transfer of partnership interests of the Borrower permitted without the Funding Lender Representative's consent under Section 6.3(c) of the Security Instrument.

Section 6.11 ERISA. Maintain, sponsor, contribute to or become obligated to contribute to, or suffer or permit any ERISA Affiliate of the Borrower to, maintain, sponsor, contribute to or become obligated to contribute to, any Plan, or permit the assets of the Borrower to become "plan assets," whether by operation of law or under regulations promulgated under ERISA.

Section 6.12 No Hedging Arrangements. Without the prior Written Consent of the Funding Lender Representative or unless otherwise required by this Borrower Loan Agreement, the Borrower will not enter into or guarantee, provide security for or otherwise undertake any form of contractual obligation with respect to any interest rate swap, interest rate cap or other arrangement that has the effect of an interest rate swap or interest rate cap or that otherwise (directly or indirectly, derivatively or synthetically) hedges interest rate risk associated with being a debtor of variable rate debt or any agreement or other arrangement to enter into any of the above on a future date or after the occurrence of one or more events in the future.

Section 6.13 Loans and Investments; Distributions; Related Party Payments.

(a) Without the prior Written Consent of the Funding Lender Representative in each instance, the Borrower shall not (i) lend money, make investments, or extend credit, other than in the ordinary course of its business as presently conducted; or (ii) repurchase, redeem or otherwise acquire any interest in the Borrower, any Affiliate or any other Person owning an interest, directly or indirectly, in the Borrower, or make any distribution, in cash or in kind, in respect of interests in the Borrower, any Affiliate or any other Person owning an interest, directly or indirectly, in the Borrower (except to the extent permitted by the Security Instrument or the Construction Funding Agreement and subject to the limitations set forth in Section 5.27 hereof).

(b) No Disbursements for the Developer Fee or any deferred developer fee as determined by the Funding Lender Representative on the Closing Date shall be made except as permitted by the Construction Funding Agreement as and to the extent permitted under Section 3.7 of Exhibit E to the Construction Funding Agreement, or as otherwise expressly permitted by the Funding Lender Representative.

Section 6.14 Amendment of the Related Documents or CC&R's. Without the prior Written Consent of the Funding Lender Representative in each instance, except as provided herein or in the Construction Funding Agreement, the Borrower shall not enter into or consent to any amendment, termination, modification, or other alteration of any of the Related Documents or any of the CC&R's (including, without limitation, those contained in this Borrower Loan Agreement, any Architect's Agreement or Engineer's Contract, any Construction Contract, and any Management Agreement, but excluding the Partnership Agreement, which is covered by Section 6.10 hereof), or any assignment, transfer, pledge or hypothecation of any of its rights thereunder, if any.

Section 6.15 Personal Property. The Borrower shall not install materials, personal property, equipment or fixtures subject to any security agreement or other agreement or contract wherein the right is reserved to any Person other than the Borrower to remove or repossess any such materials, equipment or fixtures, or whereby title to any of the same is not completely vested in the Borrower at the time of installation, without Funding Lender Representative's prior Written Consent; provided, however, that this Section 6.15 shall not apply to laundry equipment or other equipment that is owned by a third-party vendor and commercial tenants.

Section 6.16 Fiscal Year. Without the Funding Lender Representative’s Written Consent, which shall not be unreasonably withheld, conditioned or delayed, neither the Borrower nor the General Partner shall change the times of commencement or termination of its fiscal year or other accounting periods, or change its methods of accounting, other than to conform to GAAP.

Section 6.17 Publicity. Except as may be required by the City, neither the Borrower nor the General Partner shall issue any publicity release or other communication to any print, broadcast or on-line media, post any sign or in any other way identify the Funding Lender Representative or any of its Affiliates as the source of the financing provided for herein, without the prior Written Approval of the Funding Lender Representative in each instance (provided that nothing herein shall prevent the Borrower or the General Partner from identifying the Funding Lender Representative or its Affiliates as the source of such financing to the extent that the Borrower or the General Partner are required to do so by disclosure requirements applicable to publicly held companies). Except as may be otherwise required by the City, the Borrower and the General Partner agree that no sign shall be posted on the Project in connection with the construction/rehabilitation of the Improvements unless such sign identifies the Funding Lender Representatives and its affiliates as the source of the financing provided for herein or the Funding Lender Representative consents in writing to not being identified on any such sign.

Section 6.18 Subordinate Loan Documents. Without the Funding Lender Representative’s prior Written Consent, the Borrower will not surrender, terminate, cancel, modify, change, supplement, alter, amend, waive, release, assign, transfer, pledge or hypothecate any of its rights or remedies under the Subordinate Loan Documents.

Section 6.19 Controlled Substances. Borrower shall not, and shall not suffer or permit a tenant under any lease to violate any Legal Requirements affecting the Property, including the Controlled Substances Act, or which could otherwise result in the occurrence of an Event of Default, including the commencement of any proceedings under the Civil Asset Forfeiture Reform Act. Upon learning of any conduct contrary to this Section, Borrower shall immediately take all actions reasonably expected under the circumstances to terminate any such use of the Property, including: (a) to give timely notice to an appropriate law enforcement agency of information that led Borrower to know such conduct had occurred, and (b) in a timely fashion to revoke or make a good faith attempt to revoke permission for those engaging in such conduct to use the Property or to take reasonable actions in consultation with a law enforcement agency to discourage or prevent the illegal use of the Property.

Section 6.20 Sanctions. Borrower shall not, directly or indirectly, use the proceeds of the Borrower Loan, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, to fund the activities of or business with any Person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any Person (including any Person participating in the transaction being financed by the Borrower Loan, whether as underwriter, advisor, investor or otherwise) of Sanctions.

ARTICLE VII

DEFAULTS

Section 7.1 Events of Default. Each of the following events shall constitute an “Event of Default” under this Borrower Loan Agreement:

(a) (i) failure by the Borrower to pay any Borrower Loan Payment (other than any Borrower Loan Payment due on any Termination Date or Maturity Date) in the manner and within five (5) days of

the date such payment is due in accordance with the terms and provisions of the Borrower Note, (ii) failure of the Borrower to pay any Borrower Loan Payment which is due on the Termination Date or Maturity Date on such due date in accordance with the terms and provisions of the Borrower Note, or (iii) the failure by the Borrower to pay any Additional Borrower Payment on the date such payment is due in accordance with the terms and provisions of the Borrower Note, the Security Instrument, this Borrower Loan Agreement or any other Funding Loan Document and such default remains uncured for a period of five (5) days after Written Notice thereof shall have been given to the Borrower;

(b) failure by or on behalf of the Borrower to pay when due any amount (other than as provided in subsection (a) above or elsewhere in this Section 7.1) required to be paid by the Borrower under this Borrower Loan Agreement, the Borrower Note, the Security Instrument or any of the other Funding Loan Documents, including a failure to repay any amounts that have been previously paid but are recovered, attached or enjoined pursuant to any insolvency, receivership, liquidation or similar proceedings, which default remains uncured for a period of five (5) days after Written Notice thereof shall have been given to the Borrower;

(c) an Event of Default, as defined by the Borrower Note, the Security Instrument or any other Funding Loan Document, occurs (or to the extent an "Event of Default" is not defined in any other Funding Loan Document, any default or breach by the Borrower or the Guarantor of its obligations, covenants, representations or warranties under such Funding Loan Document occurs and any applicable notice and/or cure period has expired);

(d) any representation or warranty made by any of the Borrower, the Guarantor or the General Partner in any Funding Loan Document to which it is a party, or in any report, certificate, financial statement or other instrument, agreement or document furnished by the Borrower, the Guarantor or the General Partner in connection with any Funding Loan Document, shall be false or misleading in any material respect as of the Closing Date;

(e) the Borrower shall make a general assignment for the benefit of creditors, or shall generally not be paying its debts as they become due;

(f) the Borrower Controlling Entity shall make a general assignment for the benefit of creditors, shall generally not be paying its debts as they become due, or an Act of Bankruptcy with respect to the Borrower Controlling Entity shall occur, unless in all cases the Borrower Controlling Entity is replaced with a substitute Borrower Controlling Entity that satisfies the requirements of [Section 21] of the Security Instrument; which, in the case of a non-profit Borrower Controlling Entity, may be replaced within sixty (60) days of such event with another non-profit Borrower Controlling Entity acceptable to the Funding Lender Representative, in which case no Event of Default shall be deemed to have occurred;

(g) any portion of the Borrower Required Equity to be made by the Equity Investor is not received in accordance with the Partnership Agreement after the expiration of all applicable notice and cure periods (except in the event of a default under the Partnership Agreement by the Equity Investor during any period during which (i) the Equity Investor is the same entity or a wholly owned subsidiary of the Funding Lender Representative or (ii) Funding Lender Representative has a controlling interest in Equity Investor);

(h) the failure by the Borrower or any ERISA Affiliate of the Borrower to comply in all respects with ERISA, or the occurrence of any other event (with respect to the failure of the Borrower or any ERISA Affiliate to pay any amount required to be paid under ERISA or with respect to the termination of, or withdrawal of the Borrower or any ERISA Affiliate from, any employee benefit or welfare plan subject to ERISA) the effect of which is to impose upon Borrower (after giving effect to the tax consequences thereof) for the payment of any amount in excess of Fifty Thousand Dollars (\$50,000);

(i) a Bankruptcy Event shall occur with respect to the Borrower, the General Partner or the Guarantor, or there shall be a change in the assets, liabilities or financial position of any such Person which has a material adverse effect upon the ability of such Person to perform such Person's obligations under this Borrower Loan Agreement, any other Funding Loan Document or any Related Document, provided that any such Bankruptcy Event with respect to a Guarantor shall not constitute an Event of Default: (i) if such Bankruptcy Event occurs on or after the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor), or (ii) if such Bankruptcy Event occurs prior to the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor) and the Borrower replaces such Guarantor with a person or entity satisfying the Funding Lender Representative's mortgage credit standards for principals and acceptable to the Funding Lender Representative in its sole and absolute discretion within thirty (30) days after notice thereof from the Funding Lender Representative;

(j) all or any part of the property of the Borrower is attached, levied upon or otherwise seized by legal process, and such attachment, levy or seizure is not quashed, stayed or released: (i) prior to the Completion Date, within ten (10) days of the date thereof or (ii) after the Completion Date, within thirty (30) days of the date thereof;

(k) subject to Section 9.16 hereof, the Borrower fails to pay when due any monetary obligation (other than pursuant to this Borrower Loan Agreement) to any Person in excess of \$100,000, and such failure continues beyond the expiration of any applicable cure or grace periods;

(l) any material litigation or proceeding is commenced before any Governmental Authority against or affecting the Borrower, the General Partner or the Guarantor, or property of the Borrower, the General Partner or the Guarantor, or any part thereof, and such litigation or proceeding is not defended diligently and in good faith by the Borrower, the General Partner or the Guarantor, as applicable, provided that any such material litigation or proceeding against a Guarantor shall not constitute an Event of Default if the Borrower replaces the applicable Guarantor with a person or entity satisfying the Funding Lender Representative's mortgage credit standards for principals and acceptable to the Funding Lender Representative in its sole and absolute discretion within thirty (30) days after notice thereof from the Funding Lender Representative;

(m) a final judgment or decree for monetary damages in excess of \$50,000 or a monetary fine or penalty (not subject to appeal or as to which the time for appeal has expired) is entered against the Borrower, the General Partner or the Guarantor by any Governmental Authority, and such judgment, decree, fine or penalty is not paid and discharged or stayed (i) prior to the Completion Date, within ten (10) days after entry thereof or (ii) after the Completion Date, within thirty (30) days after entry thereof (or such longer period as may be permitted for payment by the terms of such judgment, fine or penalty), provided that any such judgment, decree, fine or penalty against a Guarantor shall not constitute an Event of Default if the Borrower replaces the applicable Guarantor with a person or entity satisfying the Funding Lender Representative's mortgage credit standards for principals and acceptable to the Funding Lender Representative in its sole and absolute discretion within thirty (30) days after notice thereof from the Funding Lender Representative;

(n) a final, un-appealable and uninsured money judgment or judgments, in favor of any Person other than a Governmental Authority, in the aggregate sum of \$50,000 or more shall be rendered against the Borrower, the General Partner or the Guarantor, or against any of their respective assets, that is not paid, superseded, stayed or bonded over to the satisfaction of the Funding Lender Representative (i) prior to the Completion Date, within ten (10) days after entry thereof or (ii) after the Completion Date, within

thirty (30) days after entry thereof (or such longer period as may be permitted for payment by the terms of such judgment); or any levy of execution, writ or warrant of attachment, or similar process, is entered or filed against the Borrower, the General Partner or the Guarantor, or against any of their respective assets (that is likely to have a material adverse effect upon the ability of the Borrower, the General Partner or the Guarantor to perform their respective obligations under this Borrower Loan Agreement, any other Funding Loan Document or any Related Document), and such judgment, writ, warrant or process shall remain unsatisfied, unsettled, unvacated, unhandled and unstayed (i) prior to the Completion Date, for a period of ten (10) days or (ii) after the Completion Date, for a period of thirty (30) days, or in any event later than five (5) Business Days prior to the date of any proposed sale thereunder, provided that any such judgment, levy, writ, warrant, attachment or similar process against a Guarantor shall not constitute an Event of Default if the Borrower replaces the applicable Guarantor with a person or entity satisfying the Funding Lender Representative's mortgage credit standards for principals and acceptable to the Funding Lender Representative in its sole and absolute discretion within thirty (30) days after notice thereof from the Funding Lender Representative;

(o) the inability of the Borrower to satisfy any condition for the receipt of a Disbursement hereunder (other than an Event of Default specifically addressed in this Section 7.1 and unless expressly waived in writing by the Funding Lender Representative) and failure to resolve the situation to the satisfaction of the Funding Lender Representative for a period in excess of thirty (30) days after Written Notice from the Funding Lender Representative unless (i) such inability shall have been caused by conditions beyond the control of the Borrower, including, without limitation, acts of God or the elements, fire, strikes and disruption of shipping; (ii) the Borrower shall have made adequate provision, acceptable to the Funding Lender Representative, for the protection of materials stored on-site or off-site and for the protection of the Improvements to the extent then constructed against deterioration and against other loss or damage or theft; (iii) the Borrower shall furnish to the Funding Lender Representative satisfactory evidence that such cessation of construction will not adversely affect or interfere with the rights of the Borrower under labor and materials contracts or subcontracts relating to the construction or operation of the Improvements; and (iv) the Borrower shall furnish to the Funding Lender Representative satisfactory evidence that the completion of the construction/rehabilitation of the Improvements can be accomplished by the Completion Date;

(p) the construction or rehabilitation of the Improvements is abandoned or halted prior to the Completion Date for any period of thirty (30) consecutive days, except in the case of Force Majeure as permitted pursuant to Section 7.14 of the Construction Funding Agreement;

(q) the Borrower shall fail to keep in force and effect any material permit, license, consent or approval required under this Borrower Loan Agreement, or any Governmental Authority with jurisdiction over the Property or the Project orders or requires that rehabilitation or construction of the Improvements be stopped, in whole or in part, or that any required approval, license or permit be withdrawn or suspended, and the order, requirement, withdrawal or suspension remains in effect for a period of thirty (30) days;

(r) failure by the Borrower to complete the rehabilitation of the Improvements in accordance with this Borrower Loan Agreement on or prior to the Completion Date;

(s) [RESERVED]

(t) failure by any Subordinate Lender to disburse the proceeds of its Subordinate Loan in such amounts and at such times as set forth in the Cost Breakdown and in the Subordinate Loan Documents;

(u) an “Event of Default” or “Default” (as defined in the applicable agreement) shall occur under any of the Subordinate Loan Documents, after the expiration of all applicable notice and cure periods; or

(v) the Borrower fails to obtain all grading, foundation, building and all other construction permits, licenses and authorizations from all applicable Government Authorities or third parties necessary for the phase of rehabilitation or construction of the Project then under way prior to the commencement of such phase; or

(w) any failure by the Borrower to perform or comply with any of its obligations under this Borrower Loan Agreement (other than those specified in this Section 7.1), as and when required, which continues for a period of thirty (30) days after Written Notice of such failure by the Funding Lender Representative or the Servicer on its behalf to the Borrower; provided, however, if such failure is susceptible of cure but cannot reasonably be cured within such thirty (30) day period, and the Borrower shall have commenced to cure such failure within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for an additional period of time as is reasonably necessary for the Borrower in the exercise of due diligence to cure such failure, such additional period not to exceed sixty (60) days. However, no such notice or grace period shall apply to the extent such failure could, in the Funding Lender Representative’s judgment, absent immediate exercise by the Funding Lender Representative of a right or remedy under this Borrower Loan Agreement, result in harm to the Funding Lender Representative, impairment of the Borrower Note or this Borrower Loan Agreement or any security given under any other Funding Loan Document; or

(x) a judicial or nonjudicial forfeiture or seizure proceeding is commenced by a Governmental Authority and remains pending with respect to the Property or any part thereof, on the grounds that the Property or any part thereof had been used to commit or facilitate the commission of a criminal offense by any Person, including any tenant, pursuant to any Law, including under the Controlled Substances Act or the Civil Asset Forfeiture Reform Act, regardless of whether or not the Property or the Security Instrument shall become subject to forfeiture or seizure in connection therewith; or

(y) [RESERVED]; or

(z) [RESERVED]; or

(aa) unless otherwise agreed to by Lender in its sole and absolute discretion (i) City Subsidy Commitment (as defined in the Construction Funding Agreement) or any subsidy agreement executed in connection therewith (“City Subsidy Agreement”) is materially amended, modified, supplemented, terminated or cancelled without the prior written consent of Servicer, or (ii) there is a default or an Event of Default under any City Subsidy Agreement (as defined in the Construction Funding Agreement), any City Subsidy Agreement or the subsidies provided or to be provided thereunder are terminated or reduced; provided, however, such an occurrence described in (ii) shall not be an Event of Default if within thirty (30) days of the occurrence of such an event, the City Subsidies (as defined in the Construction Funding Agreement), as applicable, are replaced with a similar project-based subsidy approved by Lender which subsidy shall (a) be applicable to at least the same number of units as the City Subsidy Commitment, (b) provide each such unit with at least the same subsidy amount as under the City Subsidy Commitment, as applicable, (c) shall be subject to no restrictions, reserve or other requirements, terms or conditions more onerous than those applicable to the City Subsidies, as applicable, (d) be otherwise on terms and conditions approved by Lender, and (e) Funding Lender Representative has confirmed in writing its approval of such replacing subsidy in lieu of the City Subsidies for purposes of calculating “Net Operating Income.”

Section 7.2 Remedies.

Section 7.2.1 Acceleration. Upon the occurrence of an Event of Default (other than an Event of Default described in paragraph (e), (f) or (i) of Section 7.1 hereof) and at any time and from time to time thereafter, as long as such Event of Default continues to exist, in addition to any other rights or remedies available to the Governmental Lender pursuant to the Funding Loan Documents or at law or in equity, the Funding Lender Representative may, take such action (whether directly or by directing the actions of the Fiscal Agent), without notice or demand, as the Funding Lender Representative deems advisable to protect and enforce its rights and/or the rights of the Governmental Lender against the Borrower and in and to the Project, including declaring the Borrower Payment Obligations to be immediately due and payable (including, without limitation, the principal of, Prepayment Premium, if any, and interest on and all other amounts due on the Borrower Note to be immediately due and payable), without notice or demand, and apply such payment of the Borrower Payment Obligations in any manner and in any order determined by the Funding Lender Representative, in the Funding Lender Representative's sole and absolute discretion; and upon any Event of Default described in paragraph (e), (f) or (i) of Section 7.1 hereof, the Borrower Payment Obligations shall become immediately due and payable, without notice or demand, and the Borrower hereby expressly waives any such notice or demand, anything contained in any Funding Loan Document to the contrary notwithstanding. Notwithstanding anything herein to the contrary, enforcement of remedies hereunder and under the Funding Loan Agreement shall be controlled by the Funding Lender Representative.

Section 7.2.2 Remedies Cumulative. Upon the occurrence of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to the Funding Lender Representative or the Fiscal Agent against the Borrower under the Funding Loan Documents or at law or in equity may be exercised by the Funding Lender Representative or the Fiscal Agent, at any time and from time to time, whether or not all or any of the Borrower Payment Obligations shall be declared due and payable, and whether or not the Funding Lender Representative shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Funding Loan Documents. Any such actions taken by the Funding Lender Representative shall be cumulative and concurrent and may be pursued independently, singly, successively, together or otherwise, at such time and in such order as the Funding Lender Representative may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of the Funding Lender Representative permitted by law, equity or contract or as set forth in the Funding Loan Documents. Without limiting the generality of the foregoing, the Borrower agrees that if an Event of Default is continuing, all Liens and other rights, remedies or privileges provided to the Funding Lender Representative shall remain in full force and effect until they have exhausted all of its remedies, the Security Instrument has been foreclosed, the Project has been sold and/or otherwise realized upon satisfaction of the Borrower Payment Obligations or the Borrower Payment Obligations has been paid in full. To the extent permitted by applicable law, nothing contained in any Funding Loan Document shall be construed as requiring the Funding Lender Representative to resort to any portion of the Project for the satisfaction of any of the Borrower Payment Obligations in preference or priority to any other portion, and the Funding Lender Representative may seek satisfaction out of the entire Project or any part thereof, in its absolute discretion.

Notwithstanding any provision herein to the contrary, the Governmental Lender, the Fiscal Agent and the Funding Lender Representative agree that any cure of any default made or tendered by the Equity Investor shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 7.2.3 Delay. No delay or omission to exercise any remedy, right, power accruing upon an Event of Default, or the granting of any indulgence or compromise by the Funding Lender Representative or the Fiscal Agent shall impair any such remedy, right or power hereunder or be construed

as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Potential Default or Event of Default shall not be construed to be a waiver of any subsequent Potential Default or Event of Default or to impair any remedy, right or power consequent thereon. Notwithstanding any other provision of this Borrower Loan Agreement, the Funding Lender Representative reserves the right to seek a deficiency judgment or preserve a deficiency claim, in connection with the foreclosure of the Security Instrument to the extent necessary to foreclose on the Project, the rents, the funds or any other Collateral.

Section 7.2.4 Set Off; Waiver of Set Off. Upon the occurrence of an Event of Default, the Funding Lender Representative may, at any time and from time to time, without notice to the Borrower or any other Person (any such notice being expressly waived), set off and appropriate and apply (against and on account of any obligations and liabilities of the Borrower to the Funding Lender Representative, the Governmental Lender or the Fiscal Agent arising under or connected with this Borrower Loan Agreement and the other Funding Loan Documents, irrespective of whether or not the Funding Lender Representative or the Fiscal Agent shall have made any demand therefor, and although such obligations and liabilities may be contingent or unmatured), and the Borrower hereby grants to the Governmental Lender, the Funding Lender Representative and the Fiscal Agent, as security for the Borrower Payment Obligations, a security interest in, any and all deposits (general or special, including but not limited to Debt evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts) and any other Debt at any time held or owing by the Funding Lender Representative to or for the credit or the account of the Borrower.

Section 7.2.5 Assumption of Obligations. In the event that the Funding Lender Representative or its assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of the Borrower under this Borrower Loan Agreement, the Borrower Note, the Regulatory Agreement, and any other Funding Loan Document to which the Borrower is a party. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

Section 7.2.6 Accounts Receivable. Upon the occurrence of an Event of Default, the Funding Lender Representative shall have the right, to the extent permitted by law, to impound and take possession of books, records, notes and other documents evidencing the Borrower's accounts, accounts receivable and other claims for payment of money, arising in connection with the Project, and to make direct collections on such accounts, accounts receivable and claims for the benefit of the Funding Lender Representative.

Section 7.2.7 Defaults under Other Documents. The Funding Lender Representative shall have the right to cure any default under any of the Related Documents and the Subordinate Loan Documents, but shall have no obligation to do so.

Section 7.2.8 Abatement of Disbursements. Notwithstanding any provision to the contrary herein or any of the other Funding Loan Documents, the Funding Lender Representative's obligation to make further Disbursements shall abate (i) during the continuance of any Potential Default, (ii) after any disclosure to the Funding Lender Representative of any fact or circumstance that, absent such disclosure, would cause any representation or warranty of the Borrower to fail to be true and correct in all material respects, unless and until the Funding Lender Representative elects to permit further Disbursements notwithstanding such event or circumstance; and (iii) upon the occurrence of any Event of Default.

Section 7.2.9 Completion of Improvements. Upon the occurrence of any Event of Default, the Funding Lender Representative shall have the right to cause an independent contractor selected by the Funding Lender Representative to enter into possession of the Project and to perform any and all work and labor necessary for the completion of the Project substantially in accordance with the Plans and Specifications, if any, and to perform the Borrower's obligations under this Borrower Loan Agreement. All sums expended by the Funding Lender Representative for such purposes shall be deemed to have been disbursed to and borrowed by the Borrower and shall be secured by the Security Documents.

Section 7.2.10 Right to Directly Enforce. Notwithstanding any other provision hereof to the contrary, the Funding Lender Representative shall have the right to directly enforce all rights and remedies hereunder with or without involvement of the Governmental Lender or the Fiscal Agent, provided that only the Governmental Lender may enforce the Unassigned Rights. In the event that any of the provisions set forth in this Section 7.2.10 are inconsistent with the covenants, terms and conditions of the Security Instrument, the covenants, terms and conditions of the Security Instrument shall prevail.

Section 7.2.11 Power of Attorney. Effective upon the occurrence of an Event of Default, and continuing until and unless such Event of Default is cured or waived, the Borrower hereby constitutes and appoints the Funding Lender Representative, or an independent contractor selected by the Funding Lender Representative, as its true and lawful attorney-in-fact with full power of substitution, for the purposes of completion of the Project and performance of the Borrower's obligations under this Borrower Loan Agreement in the name of the Borrower, and hereby empowers said attorney-in-fact to do any or all of the following upon the occurrence and continuation of an Event of Default (it being understood and agreed that said power of attorney shall be deemed to be a power coupled with an interest which cannot be revoked until full payment and performance of all obligations under this Borrower Loan Agreement and the other Funding Loan Documents):

(a) to use any of the funds of the Borrower or the General Partner, including any balance of the Borrower Loan, as applicable, and any funds which may be held by the Funding Lender Representative for the Borrower (including all funds in all deposit accounts in which the Borrower has granted to the Funding Lender Representative a security interest), for the purpose of effecting completion of the construction/rehabilitation of the Improvements, in the manner called for by the Plans and Specifications;

(b) to make such additions, changes and corrections in the Plans and Specifications as shall be necessary or desirable to complete the Project in substantially the manner contemplated by the Plans and Specifications;

(c) to employ any contractors, subcontractors, agents, architects and inspectors required for said purposes;

(d) to employ attorneys to defend against attempts to interfere with the exercise of power granted hereby;

(e) to pay, settle or compromise all existing bills and claims which are or may be liens against the Project, the Improvements or the Project, or may be necessary or desirable for the completion of the construction/rehabilitation of the Improvements, or clearance of objections to or encumbrances on title;

(f) to execute all applications and certificates in the name of the Borrower, which may be required by any other construction contract;

(g) to prosecute and defend all actions or proceedings in connection with the Project and to take such action, require such performance and do any and every other act as is deemed necessary with

respect to the completion of the rehabilitation/construction of the Improvements, which the Borrower might do on its own behalf;

- (h) to let new or additional contracts to the extent not prohibited by their existing contracts;
- (i) to employ watchmen and erect security fences to protect the Project from injury; and
- (j) to take such action and require such performance as it deems necessary under any of the bonds or insurance policies to be furnished hereunder, to make settlements and compromises with the sureties or insurers thereunder, and in connection therewith to execute instruments of release and satisfaction.

It is the intention of the parties hereto that upon the occurrence and continuance of an Event of Default, rights and remedies may be pursued pursuant to the terms of the Funding Loan Documents. The parties hereto acknowledge that, among the possible outcomes to the pursuit of such remedies, is the situation where the Funding Lender Representative assignees or designees become the owner of the Project and assume the obligations identified above, and the Borrower Note, the Borrower Loan and the other Funding Loan Documents remain outstanding.

ARTICLE VIII

SPECIAL PROVISIONS

Section 8.1 Sale of Note and Secondary Market Transaction.

Section 8.1.1 Cooperation. Subject to the restrictions of Section 2.4 of the Funding Loan Agreement, at the Funding Lender Representative's or the Servicer's request (to the extent not already required to be provided by the Borrower under this Borrower Loan Agreement), the Borrower shall use reasonable efforts to satisfy the market standards to which the Funding Lender Representative or the Servicer customarily adheres or which may be reasonably required in the marketplace or by the Funding Lender Representative or the Servicer in connection with one or more sales or assignments of all or a portion of the Governmental Lender Note and the Funding Loan or participations therein or securitizations of single or multi-class securities (the "Securities") secured by or evidencing ownership interests in all or a portion of the Governmental Lender Note and the Funding Loan (each such sale, assignment and/or securitization, a "Secondary Market Transaction"); provided that the Borrower shall not incur any third party or other out-of-pocket costs and expenses in connection with a Secondary Market Transaction, including the costs associated with the delivery of any Provided Information (defined below) or any opinion required in connection therewith, and all such costs shall be paid by the Funding Lender Representative or the Servicer, and shall not materially modify the Borrower's rights or obligations. Without limiting the generality of the foregoing, the Borrower shall, so long as the Borrower Loan is outstanding:

- (a) (i) provide such financial and other information with respect to the Borrower Loan, and with respect to the Project, the Borrower, the Manager, the contractor of the Project or the Borrower Controlling Entity, (ii) provide financial statements, audited, if available, relating to the Project with customary disclaimers for any forward looking statements or lack of audit, and (iii), at the expense of the Funding Lender Representative or the Servicer, perform or permit or cause to be performed or permitted such site inspection, appraisals, surveys, market studies, environmental reviews and reports (Phase I's and, if appropriate, Phase II's), engineering reports and other due diligence investigations of the Project, as may be reasonably requested from time to time by the Funding Lender Representative or the Servicer or the Rating Agencies or as may be necessary or appropriate in connection with a Secondary Market Transaction

or Exchange Act requirements (the items provided to the Funding Lender Representative or the Servicer pursuant to this paragraph (a) being called the “Provided Information”), together, if customary, with appropriate verification of and/or consents to the Provided Information through letters of auditors or opinions of counsel of independent attorneys acceptable to the Funding Lender Representative or the Servicer and the Rating Agencies;

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

(c) execute such amendments to the Funding Loan Documents to accommodate such Secondary Market Transaction so long as such amendment does not affect the material economic terms of the Funding Loan Documents and is not otherwise adverse to the Borrower in its reasonable discretion.

Section 8.1.2 Use of Information. The Borrower understands that certain Provided Information and the required records may be included in disclosure documents in connection with a Secondary Market Transaction, including a prospectus or private placement memorandum (each, a “Secondary Market Disclosure Document”), or provided or made available to investors or prospective investors in the Securities, the Rating Agencies and service providers or other parties relating to the Secondary Market Transaction. In the event that the Secondary Market Disclosure Document is required to be revised, the Borrower shall cooperate, subject to Section 8.1.1(c) hereof, with the Funding Lender Representative and the Servicer in updating the Provided Information or required records for inclusion or summary in the Secondary Market Disclosure Document or for other use reasonably required in connection with a Secondary Market Transaction by providing all current information pertaining to the Borrower and the Project necessary to keep the Secondary Market Disclosure Document accurate and complete in all material respects with respect to such matters. The Borrower hereby consents to any and all such disclosures of such information. The Funding Lender Representative, the Servicer and the Borrower hereby agree to provide the Governmental Lender with a draft of any Secondary Market Disclosure Document at least 15 Business Days prior to the distribution thereof to investors or prospective investors.

Section 8.1.3 Borrower Obligations Regarding Secondary Market Disclosure Documents. In connection with a Secondary Market Disclosure Document, the Borrower shall provide, or in the case of a Borrower-engaged third party such as the Manager, cause it to provide, information reasonably requested by the Funding Lender Representative pertaining to the Borrower, the Project or such third party (and portions of any other sections reasonably requested by the Funding Lender Representative pertaining to the Borrower, the Project or the third party). The Borrower shall, if requested by the Funding Lender Representative and the Servicer, certify in writing that the Borrower has carefully examined those portions of such Secondary Market Disclosure Document, pertaining to the Borrower, the Project or the Manager, and such portions (and portions of any other sections reasonably requested and pertaining to the Borrower, the Project or the Manager) do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; provided that the Borrower shall not be required to make any representations or warranties regarding any Provided Information obtained from a third party except with respect to information it provided to such parties. Furthermore, the Borrower hereby indemnifies the Funding Lender Representative and the Servicer for any Liabilities to which any such parties may become subject to the extent such Liabilities arise out of or are based upon the use of the Provided Information in a Secondary Market Disclosure Document, provided that the Borrower shall not provide any indemnification to the Funding Lender Representative or Servicer regarding any Provided Information obtained from unrelated third parties except with respect to information it provided to such parties.

Section 8.1.4 Borrower Indemnity Regarding Filings. In connection with filings under the Exchange Act or the Securities Act, the Borrower shall (i) indemnify the Funding Lender Representative, the Governmental Lender, the Fiscal Agent, the Servicer and the underwriter group for any securities (the “Underwriter Group”) for any Liabilities to which the Funding Lender Representative, the Governmental Lender, the Fiscal Agent, the Servicer or the Underwriter Group may become subject insofar as the Liabilities arise out of or are based upon the omission or alleged omission to state in the Provided Information of a material fact required to be stated in the Provided Information in order to make the statements in the Provided Information, in the light of the circumstances under which they were made not misleading and (ii) reimburse the Funding Lender Representative, the Governmental Lender, the Fiscal Agent, the Servicer, the Underwriter Group and other indemnified parties listed above for any legal or other expenses reasonably incurred by the Funding Lender Representative, the Governmental Lender, the Fiscal Agent, the Servicer or the Underwriter Group in connection with defending or investigating the Liabilities; provided that the Borrower shall not provide any indemnification regarding any Provided Information obtained from unrelated third parties except with respect to information it provided to such parties.

Section 8.1.5 Indemnification Procedure. Promptly after receipt by an indemnified party under Sections 8.1.3 and 8.1.4 hereof of notice of the commencement of any action for which a claim for indemnification is to be made against the Borrower, such indemnified party shall notify the Borrower in writing of such commencement, but the omission to so notify the Borrower will not relieve the Borrower from any liability that it may have to any indemnified party hereunder except to the extent that failure to notify causes prejudice to the Borrower. In the event that any action is brought against any indemnified party, and it notifies the Borrower of the commencement thereof, the Borrower will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by Written Notice delivered to the indemnified party promptly after receiving the aforesaid notice of commencement, to assume the defense thereof with counsel selected by the Borrower and reasonably satisfactory to such indemnified party in its sole discretion. After notice from the Borrower to such indemnified party under this Section 8.1.5, the Borrower shall not be responsible for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, the Borrower shall pay the fees and expenses of counsel subsequently incurred by the indemnified party if (i) the employment of such counsel has been authorized by the Borrower or, (ii) if the employment of separate counsel is due to the Fiscal Agent having been advised by counsel that there is a conflict on any issue between the Fiscal Agent and the Borrower. No indemnified party shall settle or compromise any claim for which the Borrower may be liable hereunder without the prior Written Consent of the Borrower.

Section 8.1.6 Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in Section 8.1.4 hereof is for any reason held to be unenforceable by an indemnified party in respect of any Liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under Section 8.1.4 hereof, the Borrower shall contribute to the amount paid or payable by the indemnified party as a result of such Liabilities (or action in respect thereof); provided, however, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 10(f) of the Securities Act) shall be entitled to contribution from any Person not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) the indemnified parties and the Borrower’s relative knowledge and access to information concerning the matter with respect to which the claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) any other equitable considerations appropriate in the circumstances. The parties hereto hereby agree that it may not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Notices. All notices, consents, approvals and requests required or permitted hereunder or under any other Funding Loan Document (a “notice”) shall be deemed to be given and made when delivered by hand, by recognized overnight delivery service, confirmed facsimile transmission (provided any telecopy or other electronic transmission received by any party after 4:00 p.m., local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day), or five (5) calendar days after deposited in the United States mail, registered or certified, postage prepaid, with return receipt requested, addressed as follows:

If to the Borrower: Ambassador Ritz Four Percent, L.P., a California limited partnership
 c/o Tenderloin Neighborhood Development Corporation
 201 Eddy Street
 San Francisco, CA 94102
 Attention: Executive Director

with a copy to: Gubb & Barshay LLP
 505 14th Street, Suite 450
 Oakland, CA 94612
 Attention: Sarah Perez, Esq.

and a copy to Equity Investor: U.S. Bancorp Community Development Corporation
 1307 Washington Avenue, Suite 300
 Mail Code: SL MO RMCD
 St. Louis, Missouri 63103
 USB Project No: 26706
 Attention: Director of LIHTC Asset Management
 Facsimile: (314) 335-2601

and with a copy to: Kutak Rock LLP
 1650 Farnam Street
 Omaha, Nebraska 68102-2103
 Attention: Jill H. Goldstein, Esq.
 Facsimile: (402) 346-1148

If to the
Governmental Lender: City and County of San Francisco
 Mayor’s Office of Housing and Community Development (MOHCD)
 One South Van Ness Avenue, 5th Floor
 San Francisco, California 94103
 Attention: []
 Telephone: []
 Facsimile: []

If to the Fiscal Agent: [FISCAL AGENT]

If to the Funding Lender Representative: U.S. Bank National Association
[_____]

If to the Servicer U.S. Bank National Association
[_____]

Any party may change such party's address for the notice or demands required under this Borrower Loan Agreement by providing Written Notice of such change of address to the other parties by Written Notice as provided herein.

Section 9.2 Brokers and Financial Advisors. The Borrower hereby represents that it has dealt with no financial advisors, brokers, underwriters, placement agents, agents or finders in connection with the Borrower Loan, other than those disclosed to the Funding Lender Representative and whose fees shall be paid by the Borrower pursuant to separate agreements. The Borrower and the Funding Lender Representative shall indemnify and hold the other harmless from and against any and all claims, liabilities, costs and expenses of any kind in any way relating to or arising from a claim by any Person that such Person acted on behalf of the indemnifying party in connection with the transactions contemplated herein. The provisions of this Section 9.2 shall survive the expiration and termination of this Borrower Loan Agreement and the repayment of the Borrower Payment Obligations.

Section 9.3 Survival. This Borrower Loan Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by the Governmental Lender of the Borrower Loan and the execution and delivery to the Governmental Lender of the Borrower Note and the assignment of the Borrower Note to the Funding Lender Representative, and shall continue in full force and effect so long as all or any of the Borrower Payment Obligations is unpaid. All the Borrower's covenants and agreements in this Borrower Loan Agreement shall inure to the benefit of the respective legal representatives, successors and assigns of the Governmental Lender, the Funding Lender Representative, the Fiscal Agent and the Servicer.

Section 9.4 Preferences. The Governmental Lender shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by the Borrower to any portion of the Borrower Payment Obligations. To the extent the Borrower makes a payment to the Governmental Lender or the Servicer, or the Governmental Lender or the Servicer receives proceeds of any collateral, which is in whole or part subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the Borrower Payment Obligations or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by the Governmental Lender or the Servicer.

Section 9.5 Waiver of Notice. The Borrower shall not be entitled to any notices of any nature whatsoever from the Funding Lender Representative, the Fiscal Agent or the Servicer except with respect to matters for which this Borrower Loan Agreement or any other Funding Loan Document specifically and expressly provides for the giving of notice by the Funding Lender Representative, the Fiscal Agent or the Servicer, as the case may be, to the Borrower and except with respect to matters for which the Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. The Borrower hereby expressly waives the right to receive any notice from the Funding Lender Representative, the Fiscal Agent or the Servicer, as the case may be, with respect to any matter for which no Funding Loan Document specifically and expressly provides for the giving of notice by the Funding Lender Representative, the Fiscal Agent or the Servicer to the Borrower.

Section 9.6 Offsets, Counterclaims and Defenses. The Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by the Funding Lender Representative or the Servicer with respect to a Borrower Loan Payment. Any assignee of the Funding Lender Representative's interest in and to the Funding Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses that are unrelated to the Funding Loan Documents which the Borrower may otherwise have against any assignor of such documents, and no such unrelated offset, counterclaim or defense shall be interposed or asserted by the Borrower in any action or proceeding brought by any such assignee upon such documents, and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by the Borrower.

Section 9.7 Publicity. The Funding Lender Representative and the Servicer (and any Affiliates of either party) shall have the right to issue press releases, advertisements and other promotional materials describing the Funding Lender Representative's or the Servicer's participation in the making of the Borrower Loan or the Borrower Loan's inclusion in any Secondary Market Transaction effectuated by the Funding Lender Representative or the Servicer or one of its or their Affiliates. All news releases, publicity or advertising by the Borrower or its Affiliates through any media intended to reach the general public, which refers to the Funding Loan Documents, the Borrower Loan, the Funding Lender Representative or the Servicer in a Secondary Market Transaction, shall be subject to the prior Written Consent of the Funding Lender Representative or the Servicer, as applicable.

Section 9.8 Construction of Documents. The parties hereto acknowledge that they were represented by counsel in connection with the negotiation and drafting of the Funding Loan Documents and that the Funding Loan Documents shall not be subject to the principle of construing their meaning against the party that drafted them.

Section 9.9 No Third Party Beneficiaries. The Funding Loan Documents are solely for the benefit of the Governmental Lender, the Funding Lender Representative, the Fiscal Agent, the Servicer and the Borrower and, with respect to Sections 8.1.3 and 8.1.4 hereof, the Underwriter Group, and nothing contained in any Funding Loan Document shall be deemed to confer upon anyone other than the Governmental Lender, the Funding Lender Representative, the Fiscal Agent, the Servicer, and the Borrower any right to insist upon or to enforce the performance or observance of any of the obligations contained therein.

Section 9.10 Assignment. The Borrower Loan, the Security Documents, the Funding Loan Documents and all the Funding Lender Representative's rights, title, obligations and interests therein may be assigned by the Funding Lender Representative, at any time in the Funding Lender Representative's sole discretion, whether by operation of law (pursuant to a merger or other successor in interest) or otherwise. Upon such assignment, all references to the Funding Lender Representative in this Borrower Loan Agreement and in any other Funding Loan Document shall be deemed to refer to such assignee or successor in interest and such assignee or successor in interest shall thereafter stand in the place of the Funding Lender Representative. The Borrower shall accord full recognition to any such assignment, and all rights and remedies of the Funding Lender Representative in connection with the interest so assigned shall be as fully enforceable by such assignee as they were by the Funding Lender Representative before such assignment. In connection with any proposed assignment, the Funding Lender Representative may disclose to the proposed assignee any information that the Borrower has delivered, or caused to be delivered, to the Funding Lender Representative with reference to the Borrower, the General Partner, the Guarantor or any Affiliate, or the Project, including information that the Borrower is required to deliver to the Funding Lender Representative pursuant to this Borrower Loan Agreement, provided that such proposed assignee agrees to treat such information as confidential. The Borrower may not assign its rights, interests or obligations under this Borrower Loan Agreement or under any of the other Funding Loan Documents, or the Borrower's

interest in any moneys to be disbursed or advanced hereunder, except only as may be expressly permitted hereby.

Section 9.11 [Reserved].

Section 9.12 The Governmental Lender, the Fiscal Agent, the Funding Lender Representative and the Servicer Not in Control; No Partnership. None of the covenants or other provisions contained in this Borrower Loan Agreement shall, or shall be deemed to, give the Governmental Lender, the Fiscal Agent, the Funding Lender Representative or the Servicer the right or power to exercise control over the affairs or management of the Borrower, the power of the Governmental Lender, the Fiscal Agent, the Funding Lender Representative and the Servicer being limited to the rights to exercise the remedies referred to in the Funding Loan Documents. The relationship between the Borrower and the Governmental Lender, the Fiscal Agent, the Funding Lender Representative and the Servicer is, and at all times shall remain, solely that of debtor and creditor. No covenant or provision of the Funding Loan Documents is intended, nor shall it be deemed or construed, to create a partnership, joint venture, agency or common interest in profits or income between the Borrower and the Governmental Lender, the Fiscal Agent, the Funding Lender Representative or the Servicer or to create an equity in the Project in the Governmental Lender, the Fiscal Agent, the Funding Lender Representative or the Servicer. Neither the Governmental Lender, the Fiscal Agent, the Funding Lender Representative nor the Servicer undertakes or assumes any responsibility or duty to the Borrower or to any other person with respect to the Project or the Borrower Loan, except as expressly provided in the Funding Loan Documents; and notwithstanding any other provision of the Funding Loan Documents: (1) the Governmental Lender, the Fiscal Agent, the Funding Lender Representative and the Servicer are not, and shall not be construed as, a partner, joint venturer, alter ego, manager, controlling person or other business associate or participant of any kind of the Borrower or its stockholders, members, or partners and the Governmental Lender, the Fiscal Agent, the Funding Lender Representative and the Servicer do not intend to ever assume such status; (2) the Governmental Lender, the Fiscal Agent, the Funding Lender Representative and the Servicer shall in no event be liable for any the Borrower Payment Obligations, expenses or losses incurred or sustained by the Borrower; and (3) the Governmental Lender, the Fiscal Agent, the Funding Lender Representative and the Servicer shall not be deemed responsible for or a participant in any acts, omissions or decisions of the Borrower, the Borrower Controlling Entities or its stockholders, members, or partners. The Governmental Lender, the Fiscal Agent, the Funding Lender Representative, the Servicer and the Borrower disclaim any intention to create any partnership, joint venture, agency or common interest in profits or income between the Governmental Lender, the Fiscal Agent, the Funding Lender Representative, the Servicer and the Borrower, or to create an equity in the Project in the Governmental Lender, the Fiscal Agent, the Funding Lender Representative or the Servicer, or any sharing of liabilities, losses, costs or expenses.

Section 9.13 Release. The Borrower hereby acknowledges that it is executing this Borrower Loan Agreement and each of the Funding Loan Documents to which it is a party as its own voluntary act free from duress and undue influence.

Section 9.14 Term of the Borrower Loan Agreement. This Borrower Loan Agreement shall be in full force and effect until all Borrower Payment Obligations hereunder have been paid in full and the Borrower Loan and the Funding Loan have been retired or the payment thereof has been provided for; except that on and after payment in full of the Borrower Note, this Borrower Loan Agreement shall be terminated, without further action by the parties hereto; provided, however, that the obligations of the Borrower under Sections 5.11 (The Governmental Lender's, the Funding Lender Representative's and the Fiscal Agent's Fees), 5.14 (Expenses), 5.15 (Indemnity), 8.1.3, 8.1.4, 8.1.5, 8.1.6 and 9.15 (Reimbursement of Expenses) hereof, as well as under Sections 2.23, 7.15 and 7.28(c) of the Construction Funding Agreement, shall survive the termination of this Borrower Loan Agreement.

Section 9.15 Reimbursement of Expenses. If, upon or after the occurrence of any Event of Default or Potential Default, the Governmental Lender, the Fiscal Agent, the Funding Lender Representative or the Servicer shall employ attorneys or incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained herein, the Borrower will on demand therefor reimburse the Governmental Lender, the Fiscal Agent, the Funding Lender Representative and the Servicer for fees of such attorneys and such other expenses so incurred.

The Borrower's obligation to pay the amounts required to be paid under this Section 9.15 shall be subordinate to its obligations to make payments under the Borrower Note.

Section 9.16 Permitted Contests. Notwithstanding anything to the contrary contained in this Borrower Loan Agreement, the Borrower shall have the right to contest or object in good faith to any claim, demand, levy or assessment (other than in respect of Debt or Contractual Obligations of the Borrower under any Borrower Loan Document or Related Document) by appropriate legal proceedings that are not prejudicial to the Funding Lender Representative's rights, but this shall not be deemed or construed as in any way relieving, modifying or providing any extension of time with respect to the Borrower's covenant to pay and comply with any such claim, demand, levy or assessment, unless the Borrower shall have given prior Written Notice to the Governmental Lender and the Funding Lender Representative of the Borrower's intent to so contest or object thereto, and unless (i) the Borrower has, in the Governmental Lender's and the Funding Lender Representative's judgment, a reasonable basis for such contest, (ii) the Borrower pays when due any portion of the claim, demand, levy or assessment to which the Borrower does not object, (iii) the Borrower demonstrates to the Funding Lender Representative's satisfaction that such legal proceedings shall conclusively operate to prevent enforcement prior to final determination of such proceedings, (iv) the Borrower furnishes such bond, surety, undertaking or other security in connection therewith as required by law, or as requested by and satisfactory to the Funding Lender Representative, to stay such proceeding, which bond, surety, undertaking or other security shall be issued by a bonding company, insurer or surety company reasonably satisfactory to the Funding Lender Representative and shall be sufficient to cause the claim, demand, levy or assessment to be insured against by the Title Company or removed as a lien against the Project, (v) the Borrower at all times prosecutes the contest with due diligence, and (vi) the Borrower pays, promptly following a determination of the amount of such claim, demand, levy or assessment due and owing by the Borrower, the amount so determined to be due and owing by the Borrower. In the event that the Borrower does not make, promptly following a determination of the amount of such claim, demand, levy or assessment due and owing by the Borrower, any payment required to be made pursuant to clause (vi) of the preceding sentence, an Event of Default shall have occurred, and the Funding Lender Representative may draw or realize upon any bond or other security delivered to the Funding Lender Representative in connection with the contest by the Borrower, in order to make such payment.

Section 9.17 The Funding Lender Representative's Approval of Instruments and Parties. All proceedings taken in accordance with transactions provided for herein, and all surveys, appraisals and documents required or contemplated by this Borrower Loan Agreement and the persons responsible for the execution and preparation thereof, shall be satisfactory to and subject to Written Approval by the Funding Lender Representative. The Funding Lender Representative's Written Approval of any matter in connection with the Project shall be for the sole purpose of protecting the security and rights of the Funding Lender Representative. No such Written Approval shall result in a waiver of any default of the Borrower. In no event shall the Funding Lender Representative's Written Approval be a representation of any kind with regard to the matter being approved.

Section 9.18 The Funding Lender Representative's Determination of Facts. The Funding Lender Representative shall at all times be free to establish independently, to its reasonable satisfaction, the existence or nonexistence of any fact or facts, the existence or nonexistence of which is a condition of this Borrower Loan Agreement.

Section 9.19 Calendar Months. With respect to any payment or obligation that is due or required to be performed within a specified number of Calendar Months after a specified date, such payment or obligation shall become due on the day in the last of such specified number of Calendar Months that corresponds numerically to the date so specified; provided, however, that with respect to any obligation as to which such specified date is the 29th, 30th or 31st day of any Calendar Month: if the Calendar Month in which such payment or obligation would otherwise become due does not have a numerically corresponding date, such obligation shall become due on the first (1st) day of the next succeeding Calendar Month.

Section 9.20 Determinations by the Governmental Lender and/or the Funding Lender Representative. Except to the extent expressly set forth in this Borrower Loan Agreement to the contrary, in any instance where the Written Consent or Written Approval of the Governmental Lender and the Funding Lender Representative may be given or is required, or where any determination, judgment or decision is to be rendered by the Governmental Lender and the Funding Lender Representative under this Borrower Loan Agreement, the granting, withholding or denial of such Written Consent or Written Approval and the rendering of such determination, judgment or decision shall be made or exercised by the Governmental Lender and the Funding Lender Representative, as applicable (or its designated representative) at its sole and exclusive option and in its sole and absolute discretion.

Section 9.21 Governing Law. This Borrower Loan Agreement shall be governed by and enforced in accordance with the laws of the State, without giving effect to the choice of law principles of the State that would require the application of the laws of a jurisdiction other than the State.

Section 9.22 Consent to Jurisdiction and Venue. The Borrower agrees that any controversy arising under or in relation to this Borrower Loan Agreement shall be litigated exclusively in the State. The state and federal courts and authorities with jurisdiction in the State shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Borrower Loan Agreement. The Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing herein is intended to limit Beneficiary Parties' right to bring any suit, action or proceeding relating to matters arising under this Borrower Loan Agreement against the Borrower or any of the Borrower's assets in any court of any other jurisdiction.

Section 9.23 Successors and Assigns. This Borrower Loan Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate. The terms used to designate any of the parties herein shall be deemed to include the heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate, of such parties. References to a "person" or "persons" shall be deemed to include individuals and entities.

Section 9.24 Severability. The invalidity, illegality or unenforceability of any provision of this Borrower Loan Agreement shall not affect the validity, legality or enforceability of any other provision, and all other provisions shall remain in full force and effect.

Section 9.25 Entire Agreement; Amendment and Waiver. This Borrower Loan Agreement contains the complete and entire understanding of the parties with respect to the matters covered. This Borrower Loan Agreement may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, except by a written instrument signed by the party against whom enforcement of the waiver, amendment, change, or modification is sought, and then only to the extent set forth in that instrument. No specific waiver of any of the terms of this Borrower Loan Agreement shall be considered as a general waiver. Without limiting the generality of the foregoing, no Disbursement shall constitute a

waiver of any conditions to the Governmental Lender's or the Funding Lender Representative's obligation to make further Disbursements nor, in the event the Borrower is unable to satisfy any such conditions, shall any such waiver have the effect of precluding the Governmental Lender or the Funding Lender Representative from thereafter declaring such inability to constitute a Potential Default or Event of Default under this Borrower Loan Agreement.

Section 9.26 Counterparts. This Borrower Loan Agreement may be executed in multiple counterparts, each of which shall constitute an original document and all of which together shall constitute one agreement.

Section 9.27 Captions. The captions of the sections of this Borrower Loan Agreement are for convenience only and shall be disregarded in construing this Borrower Loan Agreement.

Section 9.28 Servicer. The Borrower hereby acknowledges and agrees that, pursuant to the terms of Section 39 of the Security Instrument: (a) from time to time, the Governmental Lender or the Funding Lender Representative may appoint a servicer to collect payments, escrows and deposits, to give and to receive notices under the Borrower Note, this Borrower Loan Agreement or the other Funding Loan Documents, and to otherwise service the Borrower Loan and (b) unless the Borrower receives Written Notice from the Governmental Lender or the Funding Lender Representative to the contrary, any action or right which shall or may be taken or exercised by the Governmental Lender or the Funding Lender Representative may be taken or exercised by such servicer with the same force and effect.

Section 9.29 Beneficiary Parties as Third Party Beneficiary. Each of the Beneficiary Parties shall be a third party beneficiary of this Borrower Loan Agreement for all purposes.

Section 9.30 [RESERVED]

Section 9.31 Time of the Essence. Time is of the essence with respect to this Borrower Loan Agreement.

Section 9.32 Modifications. Modifications (if any) to this Borrower Loan Agreement ("Modifications") are set forth on Exhibit E attached to this Borrower Loan Agreement. In the event of a Transfer under the terms of the Security Instrument, some or all of the Modifications to this Borrower Loan Agreement may be modified or rendered void by the Governmental Lender or the Funding Lender Representative at its option by notice to the Borrower or such transferee.

Section 9.33 Reference Date. This Borrower Loan Agreement is dated for reference purposes only as of the first day of [August 2021], and will not be effective and binding on the parties hereto unless and until the Closing Date occurs.

Section 9.34 Electronic Communications.

(a) **Electronic Transmission of Data.** Governmental Lender, Fiscal Agent and Borrower agree that certain data related to the Borrower Loan and/or the Funding Loan (including confidential information, documents, applications and reports) may be transmitted electronically, including transmission over the Internet. This data may be transmitted to, received from or circulated among agents and representatives of Borrower, Governmental Lender, Funding Lender Representative and/or Fiscal Agent and its or their respective affiliates and other Persons involved with the subject matter of this Borrower Loan Agreement and/or any of the other Funding Loan Documents.

(b) **Borrower Controlled Websites.** Borrower may elect to deliver documentation required pursuant to this Borrower Loan Agreement and/or any of the other Funding Loan Documents electronically, and if so delivered, such documentation shall be deemed to have been delivered on the date (i) on which Borrower posts such documents, or provides a link thereto on Borrower's website on the Internet at the website address listed on Borrower's signature page to this Borrower Loan Agreement; or (ii) on which such documents are posted on Borrower's behalf on an Internet or intranet website, if any, to which Governmental Lender, Funding Lender Representative and Fiscal Agent have access (whether a commercial, third-party website or whether sponsored by Governmental Lender, Funding Lender Representative and/or Fiscal Agent); provided that: (i) Borrower shall deliver paper copies of such documents to Governmental Lender, Funding Lender Representative and Fiscal Agent upon its or their request to Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by Governmental Lender, Funding Lender Representative and/or Fiscal Agent, and (ii) Borrower shall notify Governmental Lender, Funding Lender Representative and Fiscal Agent (by facsimile or electronic mail) of the posting of any such documents and provide to Governmental Lender, Funding Lender Representative and Fiscal Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Borrower agrees that in the event that Borrower would like to update or revise a document previously posted to the Borrower controlled website, Borrower shall notify Governmental Lender, Funding Lender Representative and Fiscal Agent (by facsimile or electronic mail) that such document has been revised and an updated version has been posted.

(c) **Assumption of Risks; Indemnification.** Borrower acknowledges and agrees that (i) there are risks associated with the use of electronic transmission and Borrower controlled websites and that Governmental Lender, Funding Lender Representative and/or Fiscal Agent does not control the method of transmittal, the service providers or the operational or technical issues that could occur; (ii) none of Governmental Lender, Funding Lender Representative nor Fiscal Agent has any obligation or responsibility whatsoever and assumes no duty or obligation for the security, receipt or third party interception of any such electronic transmission of data or Borrower controlled website, or any operational or technical issues that may occur with the electronic transmission of data or the Borrower controlled website; and (iii) Borrower will release, hold harmless and indemnify Governmental Lender, Funding Lender Representative and Fiscal Agent from any claim, damage or loss, including that arising in whole or part from Governmental Lender's, Funding Lender Representative's and Fiscal Agent's strict liability or sole, comparative or contributory negligence, which is related to the electronic transmission of data or the Borrower controlled website.

Section 9.35 City Contracting Provisions. The Borrower covenants and agrees to comply with Exhibit F and the provisions set forth in [Section 21] of the Regulatory Agreement.

ARTICLE X LIMITATIONS ON LIABILITY

Section 10.1 Limitation on Liability. Notwithstanding anything to the contrary herein, the liability of the Borrower hereunder and under the other Funding Loan Documents shall be limited to the extent set forth in the Borrower Note.

Section 10.2 Limitation on Liability of the Governmental Lender. 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 Representative on behalf of the Governmental Lender pursuant to this Borrower Loan Agreement. Neither the faith and credit nor the taxing power of the State, or any political subdivision thereof, nor the faith and credit of the Governmental Lender 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.

The 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 Funding Lender Representative 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, mandatory prepayment, acceleration or otherwise), then upon notice from the Funding Lender Representative or the Servicer, 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 Funding Lender Representative, the Borrower, the Governmental Lender, the Fiscal Agent or any third party, subject to any right of reimbursement from the Funding Lender Representative, the Governmental Lender, the Fiscal Agent or any such third party, as the case may be, therefor.

Section 10.3 Waiver of Personal Liability. No officer, agent or employee of the Governmental Lender or any director, 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.

Section 10.4 Limitation on Liability of the Funding Lender Representative's Officers, Employees, Etc.

(a) The Borrower assumes all risks of the acts or omissions of the Governmental Lender, the Fiscal Agent and the Funding Lender Representative, provided, however, this assumption is not intended to, and shall not, preclude the Borrower from pursuing such rights and remedies as it may have against the Governmental Lender, the Fiscal Agent and the Funding Lender Representative at law or under any other agreement. None of the Governmental Lender, the Fiscal Agent and the Funding Lender Representative, nor the other Beneficiary Parties or their respective commissioners, officers, directors, employees or agents shall be liable or responsible for (i) for any acts or omissions of the Governmental Lender, the Fiscal Agent and the Funding Lender Representative; 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, the Fiscal Agent and the Funding Lender Representative 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 written notice or written information constitutes willful misconduct on the part of the Governmental Lender, the Fiscal Agent and the Funding Lender Representative.

(b) None of the Governmental Lender, the Fiscal Agent, the Funding Lender Representative, the other Beneficiary Parties or any of their respective commissioners, 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, the Fiscal Agent and the Funding Lender Representative 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. The Borrower is

not and shall not be an agent of the Governmental Lender, the Fiscal Agent and the Funding Lender Representative for any purpose. None of the Governmental Lender, the Fiscal Agent or the Funding Lender Representative is a joint venture partner with the Borrower 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, the Fiscal Agent and the Funding Lender Representative 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, the Fiscal Agent and the Funding Lender Representative. Written Approvals granted by the Governmental Lender, the Fiscal Agent and the Funding Lender Representative 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.

(c) Any obligation or liability whatsoever of the Governmental Lender, the Fiscal Agent and the Funding Lender Representative 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 Representative's assets only. No such obligation or liability shall be personally binding upon, nor shall resort for the enforcement thereof be had to, the Project or any of the Governmental Lender's, the Fiscal Agent's or the Funding Lender Representative's commissioners, shareholders (if any), directors, officers, employees or agents, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise.

Section 10.5 Delivery of Reports, Etc. The delivery of reports, information and documents to the Governmental Lender, the Fiscal Agent and the Funding Lender Representative as provided herein is for informational purposes only and the Governmental Lender's, the Fiscal Agent's and the Funding Lender Representative's receipt of such shall not constitute constructive knowledge of any information contained therein or determinable from information contained therein. The Governmental Lender, the Fiscal Agent and the Funding Lender Representative shall have no duties or responsibilities except those that are specifically set forth herein, and no other duties or obligations shall be implied in this Borrower Loan Agreement against the Governmental Lender, the Fiscal Agent and the Funding Lender Representative.

[Remainder of Page Intentionally Left Blank]

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

BORROWER:

Ambassador Ritz Four Percent, L.P.,
a California limited partnership

By: Ambassador Ritz Four Percent GP LLC,
a California limited liability company, its
general partner

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

By: _____
Donald S. Falk, Chief Executive Officer

[Signatures continue on the next page]

THE GOVERNMENTAL LENDER:

CITY AND COUNTY OF SAN FRANCISCO

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

Approved as to form:

DENNIS J. HERRERA
City Attorney

By: _____
Deputy City Attorney

[Signatures continue on the next page]

THE FISCAL AGENT:

[FISCAL AGENT]

By: _____

Name:

Title:

[Signatures continue on the next page]

Agreed to and Acknowledged by:

THE FUNDING LENDER REPRESENTATIVE:

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name:
Title:

EXHIBIT A

[RESERVED]

EXHIBIT B

SCHEDULE OF INSURANCE REQUIREMENTS

[See Exhibit [] / Section [] of the Construction Funding Agreement]

EXHIBIT C

FORM OF MONTHLY LEASE UP REPORT

MOVE IN DATABASE

| Building # | Apt. # | # of BR's | # of BA's | Set-Aside | Security Deposit | Lease Rent | Certified or Move in Date | Lease Expiration | Total Value of Concessions | Description of Concessions | Concession Given at Move In (Y/N) |
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MOVE OUT DATABASE

| Building # | Apt. # | # of BR's | # of BA's | Set-Aside | Total Security Deposit | Security Deposit to Tenant | Lease Rent | Move Out Date | Certified or Move in Date | Lease (enter an "x") | | | |
|------------|--------|-----------|-----------|-----------|------------------------|----------------------------|------------|---------------|---------------------------|----------------------|---------|---------|-------|
| | | | | | | | | | | Skip | Evicted | Expired | Other |
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EXHIBIT D

[RESERVED]

EXHIBIT E
MODIFICATIONS

[NONE]

EXHIBIT F

CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS

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 shall have the meanings given in this Borrower Loan Agreement or, if not in the Borrower Loan Agreement, the Funding Loan Agreement.

1. Nondiscrimination; Penalties.

(a) *Nondiscrimination in Contracts.* Contractor shall comply with the provisions of Chapters 12B and 12C of the San Francisco Administrative Code. Contractor shall incorporate by reference in any subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require any subcontractors to comply with such provisions. Contractor is subject to the enforcement and penalty provisions in Chapters 12B and 12C.

(b) *Nondiscrimination in the Provision of Employee Benefits.* *San Francisco Administrative Code 12B.2.* Contractor does not as of the date of this Funding Loan Agreement, and will not during the term of this Funding Loan Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of employee benefits between employees with domestic partners and employees with spouses and/or between the domestic partners and spouses of such employees, subject to the conditions set forth in San Francisco Administrative Code Section 12B.2.

2. MacBride Principles—Northern Ireland. The provisions of San Francisco Administrative Code §12F are incorporated by this reference and made part of this Funding Loan Agreement. By entering into this Funding Loan Agreement, Contractor confirms that it has read and understood that the City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

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

4. Alcohol and Drug-Free Workplace. The City reserves the right to deny access to, or require Contractor to remove from, City facilities personnel of Contractor who the City has reasonable grounds to believe has engaged in alcohol abuse or illegal drug activity which in any way impairs the City's ability to maintain safe work facilities or to protect the health and well-being of City employees and the general public. The City shall have the right of final approval for the entry or re-entry of any such person previously denied access to, or removed from, City facilities. Illegal drug activity means possessing, furnishing, selling, offering, purchasing, using or being under the influence of illegal drugs or other controlled substances for which the individual lacks a valid prescription. Alcohol abuse means possessing, furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol.

5. Compliance with Americans with Disabilities Act. Contractor shall provide the services specified in this Funding Loan Agreement in a manner that complies with the Americans with Disabilities Act (ADA), including but not limited to Title II's program access requirements, and all other applicable federal, state and local disability rights legislation.

6. Sunshine Ordinance. Contractor acknowledges that this Funding Loan Agreement and all records related to its formation, Contractor's performance under this Funding Loan Agreement, and the

City's payment are subject to the California Public Records Act, (California Government Code §6250 et. seq.), and the San Francisco Sunshine Ordinance, (San Francisco Administrative Code Chapter 67). Such records are subject to public inspection and copying unless exempt from disclosure under federal, state or local law.

7. Limitations on Contributions. By executing this Funding Loan Agreement, Contractor acknowledges its obligations under section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with, or is seeking a contract with, any department of 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, for a grant, loan or loan guarantee, or for a development agreement, from making any campaign contribution to (i) a City elected official if the contract must be approved by that official, a board on which that official serves, or the board of a state agency on which an appointee of that official serves, (ii) a candidate for that City elective office, or (iii) a committee controlled by such elected official or a candidate for that office, at any time from the submission of a proposal for the contract until the later of either the termination of negotiations for such contract or twelve months after the date the City approves the contract. 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 10% in Contractor; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Contractor. Contractor certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

8. Requiring Minimum Compensation for Covered Employees. If Administrative Code Chapter 12P applies to this Funding Loan Agreement, Contractor shall pay covered employees no less than the minimum compensation required by San Francisco Administrative Code Chapter 12P, including a minimum hourly gross compensation, compensated time off, and uncompensated time off. Contractor is subject to the enforcement and penalty provisions in Chapter 12P. Information about and the text of the Chapter 12P is available on the web at <http://sfgov.org/olse/mco>. Contractor is required to comply with all of the applicable provisions of 12P, irrespective of the listing of obligations in this Section. By signing and executing this Funding Loan Agreement, Contractor certifies that it complies with Chapter 12P.

9. Requiring Health Benefits for Covered Employees. If Administrative Code Chapter 12Q applies to this Funding Loan Agreement, Contractor shall comply with the requirements of Chapter 12Q. 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. Information about and the text of the Chapter 12Q, as well as the Health Commission's minimum standards, is available on the web at <http://sfgov.org/olse/hcao>. Contractor is subject to the enforcement and penalty provisions in Chapter 12Q. Any subcontract entered into by Contractor shall require any subcontractor with 20 or more employees to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section.

10. Prohibition on Political Activity with City Funds. In performing under this Funding Loan Agreement, Contractor shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Funding Loan Agreement from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. Contractor is subject to the enforcement and penalty provisions in Chapter 12G.

11. Nondisclosure of Private, Proprietary or Confidential Information. If this Funding Loan Agreement requires the City to disclose "Private Information" to Contractor within the meaning of San

Francisco Administrative Code Chapter 12M, Contractor shall use such information consistent with the restrictions stated in Chapter 12M and in this Funding Loan Agreement and only as necessary in performing the services provided under this Funding Loan Agreement. Contractor is subject to the enforcement and penalty provisions in Chapter 12M.

In the performance of services provided under this Funding Loan Agreement, Contractor may have access to the City's proprietary or confidential information, the disclosure of which to third parties may damage the City. If the City discloses proprietary or confidential information to Contractor, such information must be held by Contractor in confidence and used only in performing this Funding Loan 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 or confidential information.

12. Consideration of Criminal History in Hiring and Employment Decisions. Contractor agrees to comply fully with and be bound by all of the provisions of Chapter 12T, "City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions," of the San Francisco Administrative Code ("Chapter 12T"), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Funding Loan Agreement. The text of Chapter 12T is available on the web at <http://sfgov.org/olse/fco>. A partial listing of some of Contractor's obligations under Chapter 12T is set forth in this Section. Contractor is required to comply with all of the applicable provisions of Chapter 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Funding Loan Agreement shall have the meanings assigned to such terms in Chapter 12T.

The requirements of Chapter 12T shall only apply to Contractor's operations to the extent those operations are in furtherance of the performance of this Funding Loan Agreement, shall apply only to applicants and employees who would be or are performing work in furtherance of this Funding Loan Agreement, and shall apply when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco which excludes Airport property. Chapter 12T shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

13. Reserved

14. Submitting False Claims; Monetary Penalties. The full text of San Francisco Administrative Code § 21.35, including the enforcement and penalty provisions, is incorporated into this Funding Loan Agreement. Under San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

15. Conflict of Interest. By entering into this Funding Loan Agreement, Contractor certifies that it does not know of any fact which constitutes a violation of Section 15.103 of the City's Charter; Article III, Chapter 2 of City's Campaign and Governmental Conduct Code; Title 9, Chapter 7 of the California Government Code (Section 87100 *et seq.*), or Title 1, Division 4, Chapter 1, Article 4 of the

California Government Code (Section 1090 *et seq.*), and further agrees promptly to notify the City if it becomes aware of any such fact during the term of this Funding Loan Agreement.

16. Food Service Waste Reduction Requirements. Contractor shall comply with the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including but not limited to the provided remedies for noncompliance.

17. Distribution of Beverages and Water. Contractor agrees that it will not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by San Francisco Administrative Code Chapter 101, as part of its performance of this Funding Loan Agreement. Contractor agrees that it shall not sell, provide or otherwise distribute Packaged Water, as defined by San Francisco Environment Code Chapter 24, as part of its performance of this Funding Loan Agreement.

18. Consideration of Salary History. Contractor shall comply with San Francisco Administrative Code Chapter 12K, the Consideration of Salary History Ordinance or "Pay Parity Act." Contractor is prohibited from considering current or past salary of an applicant in determining whether to hire the applicant or what salary to offer the applicant to the extent that such applicant is applying for employment to be performed on this Funding Loan Agreement or in furtherance of this Funding Loan Agreement, and whose application, in whole or part, will be solicited, received, processed or considered, whether or not through an interview, in the City or on City property. The ordinance also prohibits employers from (1) asking such applicants about their current or past salary or (2) disclosing a current or former employee's salary history without that employee's authorization unless the salary history is publicly available. Contractor is subject to the enforcement and penalty provisions in Chapter 12K. Information about and the text of Chapter 12K is available on the web at <https://sfgov.org/olse/consideration-salary-history>. Contractor is required to comply with all of the applicable provisions of 12K, irrespective of the listing of obligations in this Section.

19. Laws Incorporated by Reference. The full text of the laws listed in this Appendix A, including enforcement and penalty provisions, are incorporated into this Funding Loan Agreement by reference. The full text of the San Francisco Municipal Code provisions incorporated by reference in this Appendix A are available at http://www.amlegal.com/codes/client/san-francisco_ca/

20. First Source Hiring Program. Contractor must comply with all of the provisions of the First Source Hiring Program, Chapter 83 of the San Francisco Administrative Code, that apply to this Funding Loan Agreement, and Contractor is subject to the enforcement and penalty provisions in Chapter 83.

21. Prevailing Wages. Services to be performed by Contractor under this Funding Loan Agreement may involve the performance of trade work covered by the provisions of Section 6.22(e) or Section 21C of the Administrative Code (collectively, "Covered Services"). The provisions of Section 6.22(e) and Section 21C of the Administrative Code are incorporated as provisions of this Funding Loan Agreement as if fully set forth herein and will apply to any Covered Services performed by Contractor.

No Fee Recording (Pursuant to
Government Code Section 27383)

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

APN: Block____: Lot____
Property Address: 55 Mason Street, San Francisco, California

APN: Block____: Lot____
Property Address: 216 Eddy Street, San Francisco, California

REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS

by and between the

CITY AND COUNTY OF SAN FRANCISCO

and

AMBASSADOR RITZ FOUR PERCENT, L.P.

Dated as of August 1, 2021

Relating to:

City and County of San Francisco, California
Multifamily Housing Revenue Note
(Ambassador Ritz 4%)
Series 2021D

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REGULATORY AGREEMENT AND DECLARATION OF
RESTRICTIVE COVENANTS

This REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (this “Regulatory Agreement”) is made and entered into as of August 1, 2021, by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation and chartered city and county, duly organized and validly existing under its City Charter and the Constitution and laws of the State of California (together with any successor to its rights, duties and obligations, the “City”), acting by and through the Mayor’s Office of Housing and Community Development, and AMBASSADOR RITZ FOUR PERCENT, L.P., a California limited partnership (the “Owner”), owner of a fee interest in the land described in Exhibit A attached hereto.

RECITALS

A. WHEREAS, pursuant to the Charter of the City, Article I of Chapter 43 of the Administrative Code of the City and County of San Francisco Municipal Code and Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as now in effect and as may be amended and supplemented (collectively, the “Act”), the City is authorized to issue revenue bonds, notes and other evidences of indebtedness to finance the development of multifamily rental housing; and

B. WHEREAS, the Board of Supervisors of the City has authorized the execution and delivery of multifamily housing notes under the Act in connection with the acquisition and rehabilitation of an affordable multifamily residential rental housing project located on the site described in Exhibit A hereto and to be known as “Ambassador Ritz 4%” (the “Project”), which Project shall be subject to the terms and provisions hereof; and

C. WHEREAS, simultaneously with the delivery of this Regulatory Agreement, the City is entering into a Funding Loan Agreement (the “Funding Loan Agreement”) with U.S. Bank National Association, in its capacity as “Initial Funding Lender” (“Initial Funding Lender” and together with any Additional Funding Lender (as defined in the Funding Loan Agreement), the “Funding Lenders”), U.S. Bank National Association, in its capacity as “Funding Lender Representative” (the “Funding Lender Representative”), and the Fiscal Agent (defined below), pursuant to which the Funding Lender (i) will advance funds (the “Funding Loan”) to or for the account of the City, and (ii) the City will apply the proceeds of the Funding Loan to make one or more loans (collectively, the “Borrower Loan”) to the Owner to finance the construction and development of the Project; and

D. WHEREAS, in furtherance of the purposes of the Act and to evidence its obligation to make the payments due to the Funding Lenders under the Funding Loan, the City is executing and delivering to the Initial Funding Lender its Note designated “City and County of San Francisco, California Multifamily Revenue Housing Note (Ambassador Ritz 4%), Series 2021D” (the “Note”) pursuant to a resolution adopted by the City on _____, 2021 (the “Resolution”); and

E. WHEREAS, simultaneously with the delivery of this Regulatory Agreement, the City, the Fiscal Agent and the Owner will enter into a Borrower Loan Agreement dated as of the

date hereof (the “Borrower Loan Agreement”), whereby the City will make the Borrower Loan to the Owner and the Owner agrees to make loan payments to the City in an amount which will be sufficient to enable the City to repay the Funding Loan and to pay all costs and expenses related thereto when due;

F. WHEREAS, the City hereby certifies that all things necessary to make the Note, when executed and delivered as provided in the Resolution and the Funding Loan Agreement, the valid, binding and limited obligations of the City have been done and performed, and the execution and delivery of the Note, in all respects have been duly authorized; and

G. WHEREAS, the Code (as defined herein) and the regulations and rulings promulgated with respect thereto and the Act prescribe that the use and operation of the Project be restricted in certain respects and in order to ensure that the Project will be acquired, rehabilitated, equipped, used and operated in accordance with the Code and the Act, the City and the Owner have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition and rehabilitation of the Project.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the City and the Owner agree as follows:

1. Definitions and Interpretation. Capitalized terms used herein have the meanings assigned to them in this Section 1, unless the context in which they are used clearly requires otherwise:

“Act” - The Charter of the City, Article I of Chapter 43 of the Administrative Code of the City and County of San Francisco Municipal Code and, as applicable, Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented.

“Adjusted Income” - The adjusted income of a person (together with the adjusted income of all persons of the age of 18 years or older who intend to reside with such person in one residential unit) as calculated in the manner prescribed pursuant to Section 8 of the Housing Act, or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination or as otherwise required under Section 142 of the Code and the Act.

“Affiliated Party” - A Person whose relationship with the Owner would result in a disallowance of losses under Section 267 or 707(b) of the Code, (b) a Person who together with the Owner are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that “more than 50 percent” shall be substituted for “at least 80 percent” each place it appears therein), (c) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Owner would result in a disallowance of losses under Section 267 or 707(b) of the Code, and (d) an S corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Owner would result in a disallowance of losses under Section 267 or 707(b) of the Code.

“Annual Monitoring Report” has the meaning set forth in Section 5(l).

“Area” - The HUD Metro Fair Market Rent Area (HMFA), or the successor area determined by HUD in which the Project is located.

“Authorized Owner Representative” - Any person who at the time and from time to time may be designated as such, by written certificate furnished to the City and the Fiscal Agent containing the specimen signature of such person and signed on behalf of the Owner by the general partner(s) of the Owner, which certificate may designate an alternate or alternates.

“Available Units” - Residential units in the Project that are actually occupied and residential units in the Project that are vacant and have been occupied at least once after becoming available for occupancy, provided that (a) a residential unit that is vacant on the later of (i) the date the Project is rehabilitated or (ii) the date of the execution and delivery of the Note is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after such date, and (b) a residential unit that is not available for occupancy due to renovations is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after the renovations are completed.

“Borrower Loan” - The loan of the proceeds of the Note made to the Owner pursuant to the Borrower Loan Agreement to provide financing for the construction of the Project.

“Borrower Loan Agreement” - The Borrower Loan Agreement, of even date herewith, among the City, the Owner and the Fiscal Agent, pursuant to which the Borrower Loan is being made.

“CDLAC” - The California Debt Limit Allocation Committee.

“CDLAC Requirements” - The requirements described in Section 27 of this Regulatory Agreement.

“CDLAC Resolution” - The resolution described in Section 27 of this Regulatory Agreement.

“Certificate of Continuing Program Compliance” - The Certificate with respect to the Project to be filed by the Owner with the City and the Program Administrator, which shall be substantially in the form attached to this Regulatory Agreement as Exhibit D, or such other form as is provided by the City, and executed by an Authorized Owner Representative.

“Certificate of Preference” - A residential Certificate of Preference issued by the City pursuant to the City’s Certificate of Preference Program, as further described in the Operational Rules attached hereto as Exhibit J.

“City” - The City and County of San Francisco, California.

“City Median Income” - The “Maximum Income by Household Size” derived by the Mayor’s Office of Housing and Community Development and published annually, based on the

unadjusted Median Income for the Area, as determined annually by HUD in a manner consistent with determinations of area median gross income under Section 8 of the Housing Act and Section 3009a of the Housing and Economic Recovery Act of 2008 or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination, and being adjusted for family size but unadjusted for high housing costs.

“Closing Date” - The date of the execution and delivery of the Note, being _____, 2021.

“Code” - The Internal Revenue Code of 1986, as in effect on the execution and delivery of the Note or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of the execution and delivery of the Note, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Commerical Space” - The approximately 2,600 square feet of commercial space located on the ground floor of the portion of the Project located at 216 Eddy Street, San Francisco, California.

“Completion Certificate” - The certificate of completion of the rehabilitation of the Project required to be filed by the Owner and delivered to the City and the Funding Lenders by the Owner pursuant to Section 2(e) of this Regulatory Agreement, which shall be substantially in the form attached to this Regulatory Agreement as Exhibit C and executed by an Authorized Owner Representative.

“Completion Date” - The date of completion of the rehabilitation of the Project, as that date shall be certified as provided in Section 2(e) of this Regulatory Agreement.

“Costs of Issuance” - The issuance costs for purposes of Section 147(g) of the Code incurred with respect to the issuance of the Note (as further defined in the Funding Loan Agreement, but does not include fees charged by the City with respect thereto (i.e., the initial issuance fee and the annual monitoring fee).

“CTCAC” - The California Tax Credit Allocation Committee.

“Declarations of Restrictions – Gap Loan” – Collectively, the Declaration of Restrictions and Affordable Housing Covenants (216 Eddy Street) and the Declaration of Restrictions and Affordable Housing Covenants – Ambassador (55 Mason Street), each related to the Project and the Gap Loan, made as of _____, 2021 and executed by the Owner.

“Displaced Tenant Preference Certificate Holder” - A person or household that has been issued a certificate under the Displaced Tenant Preference Program, as further described in the Operational Rules attached as Exhibit J.

“ Existing Tenant” - Any Tenant lawfully residing at, or legally entitled to return to the Site, as of the Closing Date.

“Facilities” - The multifamily buildings, structures and other improvements on the Site to be acquired, constructed, improved, rehabilitated and equipped with the proceeds of the Borrower Loan, and all fixtures and other property owned by the Owner and located on the Site, or used in connection with, such buildings, structures and other improvements.

“Fiscal Agent” – _____, a national banking association and its successors and assigns.

“Funding Lender Representative” – U.S. Bank National Association, a national banking association, and its successors and assigns.

“Funding Lenders” – collectively, Initial Funding Lender together with any Additional Funding Lenders (as defined in the Funding Loan Agreement).

“Funding Loan” – The loan by the Funding Lender to the City, the proceeds of which are loaned by the City to the Owner pursuant to the Borrower Loan Agreement.

“Funding Loan Agreement” – The Funding Loan Agreement of even date herewith, among the City, the Fiscal Agent, Funding Lender Representative and the Funding Lenders, pursuant to which the Funding Loan was made.

“Gap Loan” – Collectively, the loans from the City, acting through MOHCD, to the Owner and evidenced by the Amended and Restated Loan Agreement (City and County of San Francisco), dated as of _____ 2021, between the City, acting thru MOHCD and the Owner.

“General Partner” – Ambassador Ritz Four Percent GP LLC, a California limited liability company, the managing general partner, and/or any other Person that the partners of Owner, with the prior written approval of City and the Funding Lender Representative (to the extent required pursuant to the Loan Documents), have selected to be a general partner of Owner, and any successor general partner of the Owner, in each case to the extent permitted under the Loan Documents and hereunder.

“HAP Contract” - The Section 8 Project Based Voucher Program - PBV Housing Assistance Payment Contract between the Owner and the Housing Authority relating to the Project.

“Housing Act” – 42 U.S.C. Section 1437, known as the United States Housing Act of 1937, as amended.

“Housing Authority” - The Housing Authority of the City and County of San Francisco and any of its successors.

“Housing Law” - Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as amended.

“HUD” - The United States Department of Housing and Urban Development, its successors and assigns.

“Income Certification Form” – A fully completed and executed Income Certification Form substantially in the form designated in Exhibit B, or such other form as may be provided by the City.

“Inducement Date” – June 19, 2020, the date of adoption of the Inducement Resolution.

“Inducement Resolution” – Resolution No. 256-20 adopted by the Board of Supervisors of the City on June 9, 2020 and approved by the Mayor of the City on the Inducement Date, indicating its intention to issue tax-exempt obligations to finance a portion of the Project.

“Investor Limited Partner” – U.S. Bancorp Community Development Corporation, or its affiliate(s) that has been admitted as a limited partner in Owner in accordance with the Partnership Agreement, together with its successors and assigns.

“Life of the Project” – means the period of time from completion of the Project and initial occupancy and thereafter for so long as the Project continues to operate as a multi-family residential project in accordance with the term hereof.

“Low Income Tenant” – Any Tenant whose Adjusted Income does not exceed sixty percent (60%) of the lower of City Median Income or Median Income for the Area; provided, however, if all the occupants of a unit are students (as defined under Section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code or who fail to be described in Section 42(i)(3)(D) of the Code, such occupants shall not qualify as Low Income Tenants. The determination of a Tenant’s status as a Low Income Tenant shall initially be made by the Owner on the basis of the Income Certification Form executed by the Tenant upon such Tenant’s occupancy of a Restricted Unit in the Project and upon annual recertification thereafter. In determining if any Tenant is a Low Income Tenant for purposes of any requirement of the City hereunder, the maximum Adjusted Income shall be based on the applicable percentage of the lower of the City Median Income or Median Income for the Area.

“Low Income Unit” – A dwelling unit in the Project required to be rented to, or designated for occupancy by, Low Income Tenants pursuant to Section 4 of this Regulatory Agreement.

“Median Income for the Area” – The median gross income for the Area, as determined in a manner consistent with determinations of area median gross income under Section 8 of the Housing Act and Section 3009(a) of the Housing and Economic Recovery Act of 2008 (Pub. L. 110-289, 122 Stat 2654) or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination or as otherwise required under Section 142 of the Code and the Act, including adjustments for household size and high housing cost area.

“MOHCD” – Mayor’s Office of Housing and Community Development.

“Note” - City and County of San Francisco, California Multifamily Housing Revenue Note (Ambassador Ritz 4%), Series 2021D, issued pursuant to the Resolution.

“Operational Rules” – The Operational Rules for San Francisco Housing Lotteries and Rental Lease Up Activities are incorporated by reference in Exhibit J.

“Owner” – Ambassador Ritz Four Percent, L.P., a California limited partnership, and its permitted successors and assigns.

“Partnership Agreement” – The Amended and Restated Agreement of Limited Partnership relating to Owner, by and among the General Partner and the Investor Limited Partner.

“Permitted Encumbrances” – Has the definition given to it in the Security Instrument.

“Program Administrator” - A governmental agency, a financial institution, a certified public accountant, an apartment management firm, a mortgage insurance company or other business entity performing similar duties or otherwise experienced in the administration of restrictions on bond financed multifamily housing projects, which shall be the City initially and, at the City’s election, any other person or entity appointed by the City who shall enter into an administration agreement in a form acceptable to the City.

“Project” - The Facilities and the Site.

“Project Costs” - To the extent authorized by the Code, the Regulations and the Act, any and all costs incurred by the Owner with respect to the rehabilitation of the residential component of the Project, whether paid or incurred prior to or after the Inducement Date, including, without limitation, costs for site acquisition, preparation, the planning of housing and related facilities and improvements, the removal or demolition of existing structures, the rehabilitation of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractor’s and Owner’s overhead and supervisors’ fees and costs directly allocable to the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including reimbursement to any municipality, county or entity for expenditures made for the Project), and interest accrued during rehabilitation and prior to the Completion Date.

“Qualified Project Costs” - The Project Costs incurred after the date which is sixty (60) days prior to the Inducement Date and that are chargeable to a capital account with respect to the Project for federal income tax and financial accounting purposes, or would be so chargeable either with a proper election by the Owner or but for the proper election by the Owner to deduct those amounts, within the meaning of Regulations Section 1.103-8(a)(1); provided, however, that only such portion of the interest accrued during rehabilitation of the Project shall constitute a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs, and provided further that such interest shall cease to be a Qualified Project Cost on the Completion Date, and provided still further that if any portion of the Project is being rehabilitated by an Affiliated Party (whether as a general contractor or a subcontractor), “Qualified Project Costs” shall include only (a) the actual out-of-pocket costs incurred by such Affiliated Party in connection with the rehabilitation of the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Affiliated Party, and (c) any overhead expenses incurred by the Affiliated Party which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in

the rehabilitation of the Project or payments received by such Affiliated Party due to early completion of the Project (or any portion thereof). Qualified Project Costs do not include Costs of Issuance.

“Qualified Project Period” - The period beginning on the later of the Closing Date or the first day on which at least ten percent (10%) of the units in the Project are first occupied, and ending on the later of the following:

(a) the date that is fifteen (15) years after the date on which at least fifty percent (50%) of the units in the Project are first occupied;

(b) the first date on which no Tax-Exempt bonds or notes with respect to the Project are Outstanding;

(c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates;

(d) the date that is the later of (i) seventy-five (75) years after the Closing Date or (ii) the end of the Life of the Project, provided, however, that if the Life of the Project is less than 75 years due to casualty, then the end date of the Life of the Project controls; or

(e) such later date, if any, as may be provided in Section 5, Section 6 or Section 12 hereof.

“Qualified Tenant” – An Existing Tenant, a Low Income Tenant or a Very Low Income Tenant.

“Regulations” - The income tax regulations promulgated by the Internal Revenue Service or the United States Department of the Treasury pursuant to the Code from time to time.

“Regulatory Agreement” - This Regulatory Agreement and Declaration of Restrictive Covenants, together with any amendments hereto or supplements hereof.

“Restricted Unit” – A Low Income Unit or a Very Low Income Unit.

“Section 8” – Section 1437f of the Housing Act, unless explicitly referring to a section of this Regulatory Agreement (e.g., “Section 8 hereof”).

“Security Instrument” – The Construction Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of the date hereof, executed by Owner in favor of the City, and assigned to the Funding Lender Representative for the benefit of the Funding Lenders to secure the Funding Loan, encumbering the Project.

“Shelter Plus Care Subsidy” – The rental subsidies received from the City’s Department of Homelessness and Supportive Services pursuant to a grant agreement between the City and Owner.

“Site” - The parcel or parcels of real property described in Exhibit A, which is attached hereto, and all rights and appurtenances thereto, and in which the Owner has a fee interest.

“SSI” – Supplemental Security Income administered pursuant to P.L. 74-271, approved August 14, 1935, 49 Stat. 620, as now in effect and as it may from time to time hereafter be amended or supplemented.

“State” - The State of California.

“TANF” – The Temporary Assistance for Needy Families program administered pursuant to 42 U.S.C. Sections 601-687.

“Tax Certificate” – The Tax Certificate and Agreement, dated as of the Closing Date, executed and delivered by the City and the Owner.

“Tax Counsel” – An attorney or a firm of attorneys of nationally recognized standing in matters pertaining to the tax status of interest on bonds issued by states and their political subdivisions, who is selected by the City and duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

“Tax-Exempt” – With respect to the status of interest on the Note, the exclusion of interest thereon from gross income of the holder of the Note for federal income tax purposes pursuant to Section 103(a) of the Code (other than interest on any portion of the Note owned by a “substantial user” of the Project or a “related person” within the meaning of Section 147 of the Code).

“Tenant” – At any time of determination thereof, all persons who together occupy a single residential unit in the Project, and upon the occupancy of a unit by any individual in addition to the previous Tenant of such unit, such unit shall be deemed to be occupied by a new Tenant.

“Very Low Income Tenant” – Any Tenant whose Adjusted Income does not exceed fifty percent (50%) of the lower of City Median Income or Median Income for the Area; provided, however, if all the occupants of a unit are students (as defined under Section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code or who fail to be described in Section 42(i)(3)(D) of the Code, such occupants shall not qualify as Very Low Income Tenants. The determination of a Tenant’s status as a Very Low Income Tenant shall initially be made by the Owner on the basis of the Income Certification Form executed by the Tenant upon such Tenant’s occupancy of a Restricted Unit in the Project and upon annual recertification thereafter. In determining if any Tenant is a Very Low Income Tenant for purposes of any requirement of the City hereunder, the maximum Adjusted Income shall be based on the applicable percentage of the lower of the City Median Income or Median Income for the Area.

“Very Low Income Unit” – A dwelling unit in the Project required to be rented to, or designated for occupancy by, Very Low Income Tenants pursuant to Section 4 of this Regulatory Agreement.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender used in this Regulatory Agreement shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and

all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1 notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

2. Acquisition and Rehabilitation of the Project. The Owner hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Owner has incurred, or will incur within six (6) months after the Closing Date, a substantial binding obligation to a third party to commence the rehabilitation of the Project, pursuant to which the Owner is or will be obligated to expend at least the lesser of (i) five percent (5%) of the aggregate principal amount of the Note or (ii) \$100,000 for the payment of Qualified Project Costs.

(b) The Owner's reasonable expectations respecting the total cost of rehabilitation of the Project and the disbursement of proceeds of the Note are accurately set forth in the Tax Certificate delivered to the City on the Closing Date.

(c) The Owner will proceed with due diligence to complete the rehabilitation of the Project and expects to expend the maximum authorized amount of the Borrower Loan for Project Costs within three (3) years of the Closing Date.

(d) The Owner shall prepare and submit to the City a final allocation of the proceeds of the Note to the payment of Qualified Project Costs, which allocation shall be consistent with the cost certification (as defined in the Partnership Agreement) within sixty (60) days after the Completion Date, but in any event no later than the earlier of (1) eighteen (18) months from the placed in service date for the Project, (2) the Maturity Date with respect to the Funding Loan (as defined in the Funding Loan Agreement) or (3) the fifth anniversary of the Closing Date.

(e) No later than ten (10) days after the Completion Date, the Owner will submit to the City and the Funding Lenders a duly executed and completed Completion Certificate.

(f) On the date on which fifty percent (50%) of the units in the Project are first rented, the Owner will submit to the City and the Funding Lender Representative a duly executed and completed Certificate as to Commencement of Qualified Project Period in the form of Exhibit E attached hereto.

(g) Money on deposit in any fund or account in connection with the Note, whether or not such money was derived from other sources, shall not be used by or under the direction of the Owner in a manner which would cause the Note to be an "arbitrage bond" within

the meaning of Section 148 of the Code, and the Owner specifically agrees that the investment of money in any such fund shall be restricted as may be necessary to prevent the Note from being an “arbitrage bond” under the Code.

(h) The Owner (and any person related to it within the meaning of Section 147(a)(2) of the Code) will not take or omit to take any action if such action or omission would in any way cause the proceeds from the sale of the Note to be applied in a manner contrary to the requirements of the Funding Loan Agreement, the Borrower Loan Agreement or this Regulatory Agreement.

(i) On or concurrently with the final draw by the Owner of amounts representing proceeds of the Note, the expenditure of such draw, when added to all previous disbursements representing proceeds of the Note, will result in not less than ninety-five percent (95%) of all disbursements of the proceeds of the Note having been used to pay or reimburse the Owner for Qualified Project Costs and less than twenty-five percent (25%) of all disbursements having been used to pay for the acquisition of land or any interest therein.

(j) The statements made in the various certificates to be delivered by the Owner to the City on the Closing Date in connection with the execution and delivery of the Note will be true and correct.

(k) All of the amounts received by the Owner from the proceeds of the Note and earnings from the investment of such proceeds will be used to pay Project Costs; and no more than two percent (2%) of the proceeds of the Note shall be used to pay Costs of Issuance of the Note.

(l) The Owner will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-Exempt status of the interest on the Note, and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(m) The Owner will take such action or actions as may be necessary, in the written opinion of Tax Counsel to the City, to comply fully with the Act, the Code and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service to the extent necessary to maintain the Tax-Exempt status of interest on the Note.

(n) No portion of the proceeds of the Note shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. No portion of the proceeds of the Note shall be used for an office unless the office is located on the premises of the facilities constituting the Project and unless not more than a de minimis amount of the functions to be performed of such office is not related to the day-to-day operations of the Project.

(o) In accordance with Section 147(b) of the Code, the average maturity of the Note does not exceed one hundred twenty percent (120%) of the average reasonably expected economic life of the facilities being financed by the Note.

3. Qualified Residential Rental Property. The Owner hereby acknowledges and agrees that the Project will be owned, managed and operated as a “qualified residential rental project” (within the meaning of Section 142(d) of the Code). The City hereby elects to have the Project meet the requirements of Section 142(d)(1)(B) of the Code and the Owner hereby elects and covenants that it shall comply with Section 142(d)(1)(B) of the Code. To that end, and for the term of this Regulatory Agreement, the Owner hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Project is being acquired and rehabilitated for the purpose of providing affordable multifamily residential rental property, including certain facilities related thereto, and the Owner shall own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with applicable provisions of Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the residential dwelling units in the Project will be similarly constructed units, and, to the extent required by the Code and the Regulations, each residential dwelling unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range (which may be a countertop cooking range), refrigerator and sink.

(c) None of the residential dwelling units in the Project will at any time be used on a transient basis (e.g., subject to leases that are less than thirty (30) days in duration) (including use as a corporate suite), or be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, retirement house or trailer court or park.

(d) No part of the Project will at any time be owned as a condominium or by a cooperative housing corporation, nor shall the Owner take any steps in connection with a conversion to such ownership or uses. Other than obtaining a final subdivision map on the Project and a Final Subdivision Public Report from the California Department of Real Estate, the Owner shall not take any steps in connection with a conversion of the Project to a condominium ownership except with the prior written opinion of Tax Counsel that the Tax-Exempt status of the interest on the Note will not be adversely affected thereby.

(e) All of the residential dwelling units in the Project will be available for rental on a continuous basis to members of the general public and the Owner will not give preference to any particular class or group in renting the residential dwelling units in the Project, except to the extent required by (i) this Regulatory Agreement, (ii) the Gap Loan and the Declarations of

Restrictions – Gap Loan, (iii) any regulatory or restrictive use agreement to which the Project is or becomes subject pursuant to Section 42 of the Code, (iv) any additional tenant income and rent restrictions imposed by any other federal, State or local governmental agencies, and (v) any other legal or contractual requirement not excepted by clauses (i) through (iv) of this subsection, upon receipt by the Owner, [the Funding Lenders] and the City of an opinion of Tax Counsel to the effect that compliance with such other requirement will not adversely affect the Tax-Exempt status of interest on the Note.

(f) All of the Facilities will comprise a single functionally integrated project for residential rental property (including the portions of the common areas allocated to the Project), as evidenced by the ownership, management, accounting and operation of the Project.

(g) No residential dwelling unit in the Project shall be occupied by the Owner. Notwithstanding the foregoing, if any building in the Project contains five (5) or more residential dwelling units, this Subsection shall not be construed to prohibit occupancy of residential dwelling units in such building by one or more resident managers or maintenance personnel any of whom may be the Owner; provided that the number of such managers or maintenance personnel is not unreasonable given industry standards in the area for the number of residential dwelling units in the Project.

(h) The Owner shall not discriminate on the basis of race, creed, religion, color, sex, source of income (*e.g.*, TANF, Section 8 or SSI), physical disability (including HIV/AIDS), age, national origin, ancestry, marital or domestic partner status, sexual preference or gender identity in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the construction, operation and management of the Project.

(i) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the City from enforcing the requirements of the Code and the Regulations, or condemnation or similar event, the Owner covenants that, within a “reasonable period” determined in accordance with the Regulations, it will either prepay the Note or, if permitted under the provisions of the Security Instrument, apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

(j) The Owner agrees to maintain the Project, or cause the Project to be maintained, during the term of this Regulatory Agreement (i) in a reasonably safe condition and (ii) in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof such that the Project shall be in substantially the same condition at all times as the condition it is in at the time of the completion of the rehabilitation of the Project with the proceeds of the Note. Notwithstanding the foregoing, the Owner’s obligation to repair or rebuild the Project in the event of casualty or condemnation shall be subject to the terms of the Borrower Loan Agreement and the Security Instrument.

(k) The Project has and will continue to have one hundred and eighty-seven (187) residential rental units.

(l) The Owner will not sell dwelling units within the Project.

4. Restricted Units. The Owner hereby represents, as of the date hereof, and warrants, covenants and agrees as follows:

(a) Income and Rent Restrictions. In addition to the requirements of Section 5, hereof, the Owner shall comply with the income and rent restrictions of this Subsection 4(a), and any conflict or overlap between any two (2) or more of such provisions shall be resolved in favor of the most restrictive of such provisions, that is, in favor of the lowest income and rent restriction.

(i) Very-Low Income Units. A total of one hundred and eighty-one (181) of the Available Units in the Project shall be rented to and continuously occupied by households who qualify as Very Low-Income Tenants, with priority given to Existing Tenants. The monthly rent charged for all the Very Low Income Units, shall not exceed one-twelfth (1/12) of the amount obtained by multiplying thirty percent (30%) times fifty percent (50%) of the lower of City Median Income or the Median Income for the Area, less the utility allowance, provided however that the monthly rent charged for the Very Low Income Units receiving the Section 8 subsidy shall be as determined in accordance with the HAP Contract.

(ii) Low Income Units. A total of six (6) of the Available Units in the Project shall be rented to and continuously occupied by households who qualify as Low-Income Tenants, with priority given to Existing Tenants. The monthly rent charged for all the Low Income Units, shall not exceed one-twelfth (1/12) of the amount obtained by multiplying thirty percent (30%) times sixty percent (60%) of the lower of City Median Income or the Median Income for the Area, less the utility allowance, provided however that the monthly rent charged for the Low Income Units receiving the Section 8 subsidy shall be as determined in accordance with the HAP Contract.

(iii) Additional MOHCD Restrictions. In addition to the above paragraphs (a)(i) and (ii), all Restricted Units shall at all times be occupied, or held vacant and available for rental, as required by the Declarations of Restrictions – Gap Loan, except where otherwise expressly restricted or prohibited by any CDLAC Requirements.

(iv) Income Restrictions Pursuant to the Code. Pursuant to the requirements of Section 142(d) of the Code, for the Qualified Project Period, not less than forty percent (40%) of the total number of completed units in the Project, or seventy-five (75) units, shall be designated as affordable units and during the Qualified Project Period shall be rented to and continuously occupied by Tenants whose Adjusted Income does not exceed sixty percent (60%) of the Median Income for the Area; provided, however, if all the occupants of a unit are students (as defined under Section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code or who fail to be described in Section 42(i)(3)(D) of the Code, such occupants shall not be Qualified Tenants pursuant to this sentence. The Owner shall satisfy the requirements of this Subsection 4(a)(iv) by complying with the requirements of

Subsections 4(a)(i) and 4(a)(ii), to the extent such compliance meets the requirements of Section 142(d)(1)(B) of the Code.

(v) Income and Rent Restrictions Pursuant to the Housing Law. Pursuant to the requirements of Section 52080(a)(1)(B) of the Housing Law, for the Qualified Project Period, not less than forty percent (40%) of the total number of completed units in the Project, or seventy-five (75) units, shall be designated as affordable units and during the Qualified Project Period shall be rented to and continuously occupied by Tenants whose Adjusted Income does not exceed sixty percent (60%) of the Median Income for the Area; provided, however, that if all the occupants of a unit are students (as defined under Section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code or who fail to be described in Section 42(i)(3)(D) of the Code, such occupants shall not be Qualified Tenants pursuant to this sentence. Pursuant to the requirements of Section 52080(a)(1)(B) of the Housing Law, the monthly rent charged for such units shall not exceed (a) one-twelfth (1/12th) of the amount obtained by multiplying thirty percent (30%) times sixty (60%) of the Median Income for the Area, (b) less the utility allowance. The Owner shall satisfy the requirements of this Subsection 4(a)(v) by complying with the requirements of Subsections 4(a)(i) and 4(a)(ii), to the extent such compliance meets the requirements of Section 52080(a)(1)(B) of the Housing Law.

(vi) *<Under Review>* [Income and Rent Restrictions in Event of Loss of Subsidy. If the Section 8 subsidy or the Shelter Care Plus Subsidy being received by the Project is terminated or substantially reduced, the occupancy and rent restrictions set forth in Sections 4(a)(i) and (ii) may be altered, but only to the minimum extent required for the financial feasibility of the Project, as determined by the City in its reasonable discretion in accordance with substantially similar underwriting criteria used by the City to evaluate the Project's financial feasibility prior to the Closing Date, provided that, in any event, at least forty percent (40%) of the units shall at all times be occupied by Tenants whose Adjusted Income does not exceed sixty percent (60%) of Median Income for the Area and the monthly rent paid by such Tenants shall not exceed (a) the lower of thirty percent (30%) of sixty percent (60%) of Median Income for the Area or City Median Income (b) less the utility allowance. In such event, the City shall use good faith efforts to meet with Owner within fifteen (15) days after Owner's written request and determine any rent increase within sixty (60) days after Owner's initial written request to meet. The relief provided by this section shall not be construed as authorizing the Owner to exceed any income or rent restrictions imposed on the Project by CDLAC, CTCAC, the Gap Loan or any other agreements, and the Owner represents and warrants that it shall have obtained any necessary approvals or relief from any other applicable income and rent limitations prior to implementing the relief provided by this Section.]

(vii) CDLAC Requirements. To the extent the income and rent restrictions contained in the CDLAC Requirements are more restrictive than any of the foregoing requirements, the Owner shall comply with the CDLAC Requirements.

(viii) Restricted Units. Because all of the units in the Project are required to be Restricted Units pursuant to Section 4(a) hereof, any Available Unit not required to be rented to an Existing Tenant must be rented to or held vacant for a Very Low Income or Low Income Tenant, as applicable.

(b) Over-Income Tenants. Notwithstanding the foregoing provisions of Section 4(a), no Tenant who satisfies the applicable income limit for a Restricted Unit, upon initial occupancy shall be denied continued occupancy of a Restricted Unit in the Project because, after admission, the aggregate Adjusted Income of all Tenants in the Restricted Unit increases to exceed the qualifying limit for such Restricted Unit.

(c) Income Certifications. The Owner will obtain, complete and maintain on file Income Certification Forms for each Tenant (i) immediately prior to the initial occupancy of a Restricted Unit by such Tenant, and (ii) thereafter, annually, by completing the Income Certification Form, together with such information, documentation and certifications as are required therein or by the City, in its discretion, to substantiate the Tenant's income. In addition, the Owner will provide such further information as may be required in the future by the State, CDLAC, the City (on a reasonable basis), the Program Administrator and by the Act, Section 142(d) of the Code or the Regulations, as the same may be amended from time to time, and in such other form and manner as may be required by applicable rules, rulings, policies, procedures or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code.

(d) Certificate of Continuing Program Compliance. Upon the commencement of the Qualified Project Period, and on each February 1st thereafter (or such other date as shall be requested in writing by the City or the Program Administrator) during the term of this Regulatory Agreement, the Owner shall advise the Program Administrator of the status of the occupancy of the Project by delivering to the Program Administrator (with a copy to the Fiscal Agent) an executed Certificate of Continuing Program Compliance. The Owner shall also timely provide to the City such information as is requested by the City to comply with any reporting requirements applicable to it with respect to the Note or the Project under any federal or State law or regulation, including without limitation, CDLAC Regulations (Division 9.5 of Title 4 of the California Code of Regulations).

(e) Recordkeeping. The Owner will maintain complete and accurate records pertaining to the Restricted Units, and will permit any duly authorized representative of the City, the Program Administrator (if other than the City), the Fiscal Agent, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Owner pertaining to the Project upon reasonable notice during normal business hours, including those records pertaining to the occupancy of the Restricted Units, but specifically excluding any material which may be legally privileged.

(f) Annual Certification to Secretary of Treasury. The Owner shall submit to the Secretary of the Treasury annually on or before March 31 of each year, or such other date as is required by the Secretary of the Treasury, a completed Internal Revenue Service Form 8703, and shall provide a copy of each such form to the Program Administrator and the Fiscal Agent. Failure to comply with the provisions of this Subsection will subject the Owner to penalty, as provided in Section 6652(j) of the Code.

(g) Lease Provisions Regarding Income Certification Reliance. All leases pertaining to Restricted Units do and shall contain clauses, among others, wherein each Tenant who occupies a Restricted Unit: (i) certifies the accuracy of the statements made in the Income Certification Form, (ii) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such Tenant, that such Tenant will comply promptly with all requests for information with respect thereto from the Owner or the Program Administrator on behalf of the City, and that the failure to provide accurate information in the Income Certification Form or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such Tenant; (iii) acknowledges that the Owner has relied on the Income Certification Form and supporting information supplied by the Tenant in determining qualification for occupancy of the Restricted Unit, and that any material misstatement in such certification (whether intentional or otherwise) will be cause for immediate termination of such lease or rental agreement; and (iv) agrees that the Tenant's income is subject to annual certification in accordance with Subsection 4(c) hereof and that failure to cooperate with the annual recertification process reasonably instituted by the Owner pursuant to Subsection 4(c) may provide grounds for termination of the lease.

(h) Maintenance of Tenant Lists and Applications. All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business which is unrelated to the Project and shall be maintained, as required from time to time by the Program Administrator on behalf of the City, in a reasonable condition for proper audit and subject to examination during normal business hours by representatives of the City or the Fiscal Agent. Failure to keep such lists and applications or to make them available to the City or the Fiscal Agent shall be a default hereunder.

(i) Tenant Lease Subordination. All tenant leases or rental agreements shall be subordinate to this Regulatory Agreement.

(j) No Encumbrance, Demolition or Non-Rental Residential Use. The Owner shall not take any of the following actions:

(i) Except for the Permitted Encumbrances or as otherwise previously approved by the City, encumber any portion of the Project or grant commercial leases or subleases of any part thereof (except in connection with the Commercial Space), or permit the conveyance, transfer or encumbrance of any part of the Project (except for apartment leases), except (a) pursuant to the provisions of this Regulatory Agreement and on a basis subordinate to the provisions of this Regulatory Agreement, to the extent applicable, (b) upon receipt by the Owner, the Fiscal Agent and the City of an opinion of Tax Counsel that such action will not adversely affect the Tax-Exempt status of interest on the Note, or (c) upon a sale, transfer or other disposition of the Project in accordance with the terms of this Regulatory Agreement;

(ii) demolish any part of the Project or substantially subtract from any real or personal property of the Project (other than in the ordinary course of business); or

(iii) permit the use of the dwelling accommodations of the Project for any purpose except rental residences.

(k) Compliance with Regulatory Agreement. The Owner shall exercise reasonable diligence to comply or cause compliance with the requirements of this Regulatory Agreement and shall notify the City within fifteen (15) days and correct any noncompliance within sixty (60) days after such noncompliance is first discovered by the Owner or would have been discovered by the exercise of reasonable diligence, unless such noncompliance is not reasonably susceptible to correction within sixty (60) days, in which event the Owner shall have such additional time as may be reasonably necessary to effect such correction provided the Owner has commenced such correction after discovery and is diligently prosecuting such correction and is keeping the City updated on its progress.

5. Additional Requirements of the City.

(a) Minimum Lease Term. The term of the lease for any Restricted Unit shall not be less than one year.

(b) Limitation on Rent Increases. Annual rent increases on a Restricted Unit shall be limited to the percentage of the annual increase in the lower of the City Median Income or the applicable Median Income for the Area for that Restricted Unit. Rent increases which are permitted but not made in a given year may not be carried forward and made in any subsequent year.

(c) Appointment of Program Administrator. The Owner acknowledges that the City may appoint a Program Administrator (other than the City), at the sole cost and expense of the City, to administer this Regulatory Agreement and to monitor performance by the Owner of the terms, provisions and requirements hereof. In such event, the Owner shall comply with any reasonable request by the City and the Program Administrator to deliver to any such Program Administrator, in addition to or instead of the City, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection during normal business hours with reasonable notice by the Program Administrator as an agent of the City. The City may change the Program Administrator at its sole and exclusive discretion. The Owner shall have the right to rely on any consent or direction given by the Program Administrator on the same basis as if given by the City.

(d) Management Agent. The Owner shall not enter into any agreement providing for the management or operation of the Project with any party other than Tenderloin Neighborhood Development Corporation without the prior written consent of the City, which consent shall not be unreasonably withheld or delayed.

(e) Certificate of Preference Program. To the fullest extent permitted by law, the Owner shall comply with the City's Certificate of Preference Program pursuant to San Francisco Administrative Code Section 24.8 and the Operational Rules attached hereto as Exhibit J, to the extent such compliance is not in conflict with any other requirements imposed on the Project pursuant to Sections 42 and 142(d) of the Code, the Act, the CDLAC Resolution, CTCAC negotiations or other Federal or State law.

(f) Nondiscrimination Based on Section 8, Household Size, or Source of Income. The Owner shall accept as tenants, on the same basis as all other prospective tenants,

persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act, or any successor program or similar federal, State or local governmental assistance program. The Owner shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants and the Owner shall not refuse to rent to any tenant on the basis of household size as long as such household size does not exceed two (2) persons for a studio unit; three (3) persons for a one-bedroom unit; five (5) persons for a two-bedroom unit and seven (7) persons for a three-bedroom unit. The Owner shall not collect any additional fees or payments from such a tenant except security deposits or other deposits required of all tenants. The Owner shall not collect security deposits or other deposits from Section 8 certificate or voucher holders in excess of that allowed under the Section 8 program. The Owner shall not discriminate against tenant applicants on the basis of legal source of income (e.g., TANF, Section 8 or SSI), and the Owner shall consider a prospective tenant's previous rent history of at least one year as evidence of the ability to pay the applicable rent (i.e., ability to pay shall be demonstrated if such a tenant can show that the same percentage or more of the tenant's income has been consistently paid on time for rent in the past as will be required to be paid for the rent applicable to the unit to be occupied, provided that such tenant's expenses have not increased materially). Further, Owner shall comply with all notice provisions set forth in the Housing Act prior to terminating any lease to which any tenant. The Owner acknowledges that (i) federal notice requirements under the Housing Act are distinct from those under State law or City law and the Owner shall comply with all federal, State and local laws in connection with any such notice requirements, and (ii) compliance with the law of one jurisdiction shall not be deemed compliance with the laws of all jurisdictions.

(g) Over-income Provisions after Expiration of Qualified Project Period. Notwithstanding the provisions of Subsection 4(b), from and after the expiration of the Qualified Project Period, in the event that Owner's certification of the Qualified Tenant's income, pursuant to Subsection 4(c), indicates that the Qualified Tenant's income exceeds one hundred twenty percent (120%) of the lower of the City Median Income or the Median Income for the Area, the Owner shall terminate such lease upon one hundred twenty (120) days prior written notice to the Tenant, and the lease for each Restricted Unit shall contain a statement to the foregoing effect. Notwithstanding the foregoing, the Owner shall not be required to terminate the Qualified Tenant's lease if any regulation or statute governing the Project or the financing thereof prohibits the termination of the Tenant's lease in this manner.

(h) Consideration for Restrictions. It is hereby acknowledged and agreed that any restrictions imposed on the operation of the Project herein and which are in addition to those imposed pursuant to Section 142(d) of the Code or the Act are agreed to by the Owner, in consideration of financial assistance from the City.

(i) Amendment or Waiver by City; Conflicting Provisions. The requirements of Subsections 4(a)(i) and (ii) and of Section 5 hereof may be amended, modified or waived (but not increased or made more onerous), at the City's sole discretion, by written amendment signed by the City and the Owner, or expressly waived by the City in writing, but no such waiver by the City shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the City and the Fiscal Agent have received an opinion of Tax Counsel to the effect that any such provision is not required by the Code or the Act and may be

waived without adversely affecting the Tax-Exempt status of interest on the Note. Any requirement of Subsections 4(a)(i) and (ii) or Section 5 shall be void and of no force and effect if the City, the Fiscal Agent and the Owner receive a written opinion of Tax Counsel to the effect that compliance with such requirement would be in conflict with the Act or any other applicable state or federal law.

(j) Extension of Qualified Project Period. Notwithstanding any other provision herein, the Qualified Project Period shall not expire earlier than, and the requirements of this Section 5 shall be in effect until the date that is the later of (i) seventy-five (75) years from the Closing Date or (ii) the end of the Life of the Project, provided, however, that if the Life of the Project is less than 75 years due to casualty, then the term of the Life of the Project controls; provided that certain provisions of this Section 5 shall survive and remain in full force and effect following the end of the Qualified Project Period, as specified in Section 12 hereof.

(k) Marketing and Tenant Selection Plan. Owner will market the Restricted Units in accordance with the Marketing and Tenant Selection Plan approved by the City, which shall be substantially in the form referred to in Exhibit K, as may be updated by the City from time to time.

(l) Annual Reporting. Owner must file with the City annual reports (the “Annual Monitoring Report”) no later than one hundred twenty (120) days after the end of Owner’s fiscal year. The Annual Monitoring Report must be in substantially the form attached as Exhibit I, as may be updated by the City from time to time. Thereafter and for the remainder of the Life of the Project, the Owner shall maintain sufficient records of the information generally requested in the Annual Monitoring Report.

6. Additional Requirements of State Law. In addition to the requirements set forth herein pursuant to Section 52080 of the Housing Law, the Owner hereby agrees that it shall also comply with each of the following requirements in each case for the Term of this Regulatory Agreement, including the following:

(a) Tenants Under Section 8 of the Housing Act. The Owner shall accept as tenants, on the same basis as all other prospective tenants, low-income persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act, and shall not permit any selection criteria to be applied to Section 8 certificate or voucher holders that is more burdensome than the criteria applied to all other prospective tenants.

(b) Availability on Priority Basis. The Restricted Units shall remain available on a priority basis for occupancy at all times by Qualified Tenants.

(c) Binding Covenants and Conditions. The covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Owner.

(d) Recordation of Regulatory Agreement. This Regulatory Agreement shall be recorded in the office of the county recorder of the City and County of San Francisco,

California, and shall be recorded in the grantor-grantee index under the name of the Owner as grantor and to the name of the City as grantee.

(e) Restricted Income Units of Comparable Quality. The Restricted Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units which are available to other tenants and shall be distributed throughout the Project. Notwithstanding the foregoing, the parties agree that this Section 7(e) shall have no practical effect because one hundred percent (100%) of the units in the Project are required to be Restricted Units pursuant to Section 4(a).

(f) Availability Following Expiration of Qualified Project Period. Following the expiration or termination of the Qualified Project Period, except in the event of foreclosure and redemption of the Note, transfer of title by deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units reserved for occupancy as required by Subsection 4(a)(v) shall remain available to any eligible Tenant occupying a Restricted Unit at the date of such expiration or termination, at the rent determined by Subsection 4(a)(v), until the earliest of (i) the household's income exceeds one hundred-forty percent (140%) of the maximum eligible income specified therein except as specified in Subsection 5(g), (ii) the household voluntarily moves or is evicted for good cause, as defined in the Housing Law, (iii) seventy-five (75) years after the date of the Commencement of the Qualified Project Period, and (iv) the Owner pays the relocation assistance and benefits to households if required by, and as provided in, Section 7264(b) of the California Government Code.

(g) Availability Preceding Expiration of Qualified Project Period. During the three (3) years prior to the expiration of the Qualified Project Period, the Owner shall continue to make available Restricted Units that have been vacated to Qualified Tenants to the same extent that non-Restricted Units, if any, are made available to non-eligible households.

(h) Notice and Other Requirements. The Owner shall comply with all applicable requirements of Section 65863.10 of the California Government Code, including the requirements for providing notices in Sections (b), (c), (d) and (e) thereof, and shall comply with all applicable requirements of Section 65863.11 of the California Government Code.

(i) Syndication of the Project. As provided in Section 52080(e) of the Housing Law, the City hereby approves the syndication of tax credits with respect to the Project, pursuant to Section 42 of the Code, to the Investor Limited Partner, or any affiliate thereof or successor thereto, pursuant to the terms of the Partnership Agreement. Any subsequent syndication of tax credits with respect to the Project to an affiliate of the Investor Limited Partner shall not require the prior written approval of the City so long as the Partnership Agreement will not be amended, modified or supplemented other than in connection with such syndication, except to reflect such transfer or limited partner interests and other non-material corrections or adjustments; provided, however, that the Owner shall provide to the City, at least five (5) business days prior to the effective date of any such subsequent syndication, except to reflect such transfer of limited partner interests, written notice of such syndication certifying that no amendment, modification or supplement to the Partnership Agreement will be effected in connection with such syndication except to the extent necessary to reflect such syndication, together with copies of any assignments

of limited partnership interests and any other syndication documents. Any other syndication of the Project shall be subject to the prior written approval of the Director of the Mayor's Office of Housing and Community Development of the City, which approval shall be granted only after the City determines that the terms and conditions of such syndication (1) shall not reduce or limit any of the requirements of the Act or regulations adopted or documents executed pursuant to the Act, (2) shall not cause any of the requirements of the City set forth in this Section 7 to be subordinated to the syndication agreement, and (3) shall not result in the provision of fewer Restricted Units, or the reduction of any benefits or services, than were in existence prior to the syndication agreement.

7. [Reserved].

8. Indemnification. The Owner hereby releases the City (which includes MOHCD) and the Fiscal Agent and their respective officers, members, directors, officials and employees from, and covenants and agrees to indemnify, hold harmless and defend the City and the Fiscal Agent and the officers, members, directors, officials, agents and employees of each of them (collectively, the "Indemnified Parties," and each an "Indemnified Party") from and against any and all claims, losses, costs, damages, demands, expenses, taxes, suits, judgments, actions and liabilities of whatever nature, joint and several (including, without limitation, costs of investigation, reasonable attorneys' fees and expenses, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments), directly or indirectly (a) by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated hereby or otherwise in connection with the Project, the Borrower Loan or the Note, or the execution or amendment of any document relating thereto; (b) arising from any cause whatsoever in connection with the approval of financing for the Project or the making of the Borrower Loan or the Funding Loan or otherwise, including without limitation, any advances of the Borrower Loan or the Funding Loan or any failure of the Fiscal Agent to make any advance thereunder; (c) arising from any act or omission of the Owner or any of its agents, servants, employees or licensees, in connection with the Borrower Loan or the Project; (d) arising in connection with the issuance and sale, resale or reissuance of any note or bond, including any secondary market transaction with respect thereto, or any certifications or representations made by any person other than the City or the party seeking indemnification in connection therewith and the carrying out by the Owner of any of the transactions contemplated by the Borrower Loan Agreement, the Funding Loan Agreement and this Regulatory Agreement; (e) arising in connection with the operation and management of the Project, or the conditions, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation, or rehabilitation of, the Project or any part thereof; and (f) arising out of or in connection with the exercise by the City or the Fiscal Agent of their powers or duties under the Borrower Loan Agreement, the Funding Loan Agreement, this Regulatory Agreement or any other agreements in connection therewith to which either of them is a party; provided, however, that this provision shall not require the Owner to indemnify (i) the Fiscal Agent from any claims, costs, fees, expenses or liabilities arising from the negligence or willful misconduct of the Fiscal Agent or (ii) the City for any claims, costs, fees, expenses or liabilities arising solely from the willful misconduct of the City. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Owner, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the engagement of counsel selected by the Indemnified Party; and the Owner shall

assume the payment of all reasonable fees and expenses related thereto (provided however that if the Indemnified Party is the City, the selection of the counsel rests in the sole discretion of the City Attorney and the Owner shall assume the payment of all attorneys' fees and expenses related thereto), with full power to litigate, compromise or settle the same in its discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Notwithstanding the foregoing, no indemnification obligation shall give rise to an obligation to pay principal and interest in the Loan, which is not otherwise set forth in the Funding Loan Agreement, the Loan Agreement, the Note or any other agreement relating to the Note.

Additionally, the Owner also shall pay and discharge and shall indemnify and hold harmless the City and the Fiscal Agent from (i) any lien or charge upon payments by the Owner to the City and the Fiscal Agent hereunder and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the City or the Fiscal Agent shall give prompt notice to the Owner, and the Owner shall have the sole right and duty to assume, and will assume, the defense thereof, including the engagement of counsel approved by the Indemnified Party, and the payments of all reasonable fees and expenses related thereto, provided that if the Indemnified Party is the City, the selection of counsel rests in the sole discretion of the City Attorney, and the Owner shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. If a potential conflict exists between the Owner's defense and the interests of an Indemnified Party, then such Indemnified Party shall have the right to engage separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Owner shall pay the reasonable fees and expenses (and in the case of the City, all such fees and expenses) of such separate counsel.

Notwithstanding any transfer of the Project to another Owner in accordance with the provisions of Section 11 of this Regulatory Agreement, the Owner shall remain obligated to indemnify the City pursuant to this Section 8 if such subsequent Owner fails to so indemnify the City, unless at the time of transfer the City has consented to the transfer to the extent such consent is required hereunder.

The provisions of this Section 8 shall survive the term of the Note and this Regulatory Agreement including the termination of this Regulatory Agent pursuant to the second paragraph of Section 12 herein.

The obligations of the Owner under this Section are independent of any other contractual obligation of the Owner to provide indemnity to the Indemnified Parties or otherwise, and the obligation of the Owner to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Owner. The Indemnified Parties shall be entitled simultaneously to seek indemnity under this Section and any other provision under which they are entitled to indemnification.

In addition thereto, the Owner will pay upon demand all of the fees and expenses paid or incurred by the Indemnified Parties in enforcing the provisions hereof.

9. Consideration. The City has issued the Note and made the Borrower Loan to provide funds for the purpose of financing the Project, all for the purpose, among others, of inducing the Owner to acquire, rehabilitate, equip and operate the Project. In consideration of the making of the Borrower Loan by the City, the Owner has entered into this Regulatory Agreement and has agreed to restrict the use of the Project on the terms and conditions set forth herein.

10. Reliance. The City and the Owner hereby recognize and agree that the representations, warranties, covenants and agreements set forth herein may be relied upon by all persons interested in the legality and validity of the Note, and in the Tax-Exempt status of the interest on the Note. In performing its duties and obligations hereunder, the City may rely upon statements and certificates of the Owner and the Tenants, and upon audits of the books and records of the Owner pertaining to the Project. In addition, the City may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the City hereunder in good faith and in conformity with such opinion.

11. Sale or Transfer of the Project. The Owner intends to hold the Project for its own account, has no current plans to sell, transfer or otherwise dispose of the Project, (except in accordance with the Project Buyout Option, Interest Buyout Option or Right of First Refusal described in the Partnership Agreement) and, except as otherwise provided herein, hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated hereunder, leasing of the Commercial Space and/or pursuant to the aforementioned Project Buyout Option, Interest Buyout Option or Right of First Refusal) or interest therein, including any interest in the Owner, without obtaining the prior written consent of the City, which consent shall not be unreasonably withheld, and receipt by the City of (i) evidence satisfactory to the City that the Owner's purchaser or transferee has assumed in writing and in full, the Owner's duties and obligations under this Regulatory Agreement, (ii) an opinion of counsel of the transferee that the transferee has duly assumed the obligations of the Owner under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee, (iii) evidence acceptable to the City that either (A) the purchaser or assignee has experience in the ownership, operation and management of rental housing projects in the City such as the Project without any record of material violations of discrimination restrictions or other state or federal laws or regulations applicable to such projects, or (B) the purchaser or assignee agrees to retain a property management firm with the experience and record described in subparagraph (A) above or (C) if the purchaser or assignee does not have management experience, the City may cause the Program Administrator to provide on-site training in program compliance if the City determines such training is necessary, (iv) evidence satisfactory to the City that no event of default exists under this Regulatory Agreement, the Borrower Loan Agreement or any document related to the Borrower Loan, and payment of all fees and expenses of the City and the Fiscal Agent due under any of such documents is current, and (v) an opinion of Tax Counsel to the effect that such transfer will not, in itself, cause interest on the Note to become includable in the gross income of the recipients thereof for federal income tax purposes except to the extent held by a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code. It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of

the Project in violation of this Section 11 shall be null, void and without effect, shall cause a reversion of title to the Owner, and shall be ineffective to relieve the Owner of its obligations under this Regulatory Agreement. Nothing in this Section 11 shall affect any provision of any other document or instrument between the Owner and any other party which requires the Owner to obtain the prior written consent of such other party in order to sell, transfer or otherwise dispose of the Project. Not less than sixty (60) days prior to consummating any sale, transfer or disposition of any interest in the Project, the Owner shall deliver to the City a notice in writing explaining the nature of the proposed transfer and providing relevant information regarding the proposed transfer.

Notwithstanding anything contained in this Regulatory Agreement to the contrary, the occurrence of an event of default under this Regulatory Agreement shall not be deemed, under any circumstances whatsoever, to be a default under the Security Instrument except as may be otherwise specified in the Security Instrument.

Notwithstanding the foregoing, the provisions of this Section 11 shall not apply to the transfer of all or any portion of (a) the limited partner interest of the Investor Limited Partner in the Owner (which is instead subject to the terms of Section 6(i)) and (b) the General Partner interest to an affiliate of the General Partner [or an affiliate of the Investor Limited Partner] *<under review>*.

The foregoing notwithstanding, the Project may be transferred pursuant to a foreclosure, exercise of power of sale or deed in lieu of foreclosure or comparable conversion under the Deed of Trust without the consent of the City or compliance with the provisions of this Section 11.

12. Term. Subject to the following paragraph of this Section 12, Section 8 hereof and any other provision expressly agreed herein to survive the termination of this Regulatory Agreement, this Regulatory Agreement and all of the terms hereof shall become effective upon its execution and delivery and shall remain in full force and effect for the Qualified Project Period.

The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement shall terminate and be of no further force and effect in the event of (i) involuntary noncompliance with the provisions of this Regulatory Agreement caused by events such as fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date, which prevents the City from enforcing such provisions, or (ii) foreclosure, exercise of power of sale, transfer of title by deed in lieu of foreclosure, or condemnation or a similar event, but only if, in case of the events described in either clause (i) or (ii) above, within a reasonable period, either the Note is paid in full or amounts received as a consequence of such event are used to provide a project that meets the requirements hereof; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure, exercise of power of sale, or the delivery of a deed to the Project in lieu of foreclosure or a similar event, the Owner or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for federal income tax purposes. The Owner hereby agrees that, following any foreclosure, exercise of power of sale, transfer of title by deed in lieu of foreclosure or similar event, neither the Owner nor any such related person as described above will obtain an ownership interest in the Project for federal tax purposes. Notwithstanding any other

provisions of this Regulatory Agreement to the contrary, this entire Regulatory Agreement, or any of the provisions or sections hereof, may be terminated upon agreement by the City and the Owner subject to compliance with any of the provisions contained in this Regulatory Agreement only if there shall have been received by the City an opinion of Tax Counsel that such termination will not adversely affect the Tax-Exempt status of the interest on the Note or the exemption from State personal income taxation of the interest on the Note. The Owner shall provide written notice of any termination of this Regulatory Agreement to the City in the event of the occurrence of any of the events described in clause (i) above.

Upon the expiration or termination of this Regulatory Agreement or certain terms hereof, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of said expired or terminated terms; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

13. Covenants to Run with the Land. The Owner hereby subjects the Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The City and the Owner hereby declare their express intent that, the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Owner's successors in title to the Project; provided, however, that on the expiration or termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire except those terms which are expressly intended to survive after termination. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. No breach of any of the provisions of this Regulatory Agreement shall defeat or render invalid the lien of a mortgage made in good faith and for value encumbering the Site.

14. Burden and Benefit. The City and the Owner hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Owner's legal interest in the Project is rendered less valuable thereby. The City and the Owner hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants and Very Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Note was issued.

15. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Site.

16. Enforcement. If the Owner defaults in the performance or observance of any covenant, agreement or obligation of the Owner set forth in this Regulatory Agreement, and if such default remains uncured for a period of sixty (60) days the "Cure Period") after written notice thereof shall have been given by the City to the Owner and the Investor Limited Partner (and a copy of such notice shall also be given to the Fiscal Agent, provided however that the failure of

the City to provide such copy to the Fiscal Agent shall have no effect on the sufficiency of the notice to the Owner), the City may, as its sole option, extend the Cure Period (provided, however, that the City may at its sole option extend such period if the default is of the nature which would reasonably require more than 60 days to cure and if the Owner provides the City, if requested by the City, with an opinion of Tax Counsel to the effect that such extension will not adversely affect the Tax-Exempt status of interest on the Note). Upon the expiration of the Cure Period, as the same may be extended or aforesaid, then the City may declare an "event of default" to have occurred hereunder, and, subject to the provisions of the Borrower Loan Agreement, may take any one or more of the following steps:

(a) by mandamus or other suit, action or proceeding at law or in equity, require the Owner to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the City hereunder; or

(b) have access to and inspect, examine and make copies of all of the books and records of the Owner pertaining to the Project; or

(c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Owner hereunder, subject, however, to those limits on exercising remedies set forth in Section 7.2 of the Borrower Loan Agreement.

Notwithstanding anything contained in this Regulatory Agreement to the contrary, the City agrees that any cure of any default made or tendered by the Investor Limited Partner shall be deemed to be a cure by the Owner and shall be accepted or rejected on the same basis as if made or tendered by the Owner.

17. Recording and Filing. The Owner shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the City and County of San Francisco and in such other places as the City may reasonably request. The Owner shall pay all fees and charges incurred in connection with any such recording.

18. Payment of Fees. <Under Review.> The Owner shall pay to the City [(i) an initial issuance fee equal to one quarter of one percent (0.25%) of the maximum principal amount of the Note) and (ii) an annual administrative fee not to exceed one eighth of one percent (0.125%) of the principal amount of the Note then outstanding, but no less than \$2,500, commencing on the Closing Date and thereafter on each anniversary date of the Closing Date thereafter during the term of this Regulatory Agreement. The first installment of the annual administrative fee is \$____, representing a prepayment of the annual fee for the first ____, and the initial issuance fee payment due on the Closing Date by the Owner to the City is _____. The next installment of the annual administrative fee will be due _____, and then annually thereafter.]

Notwithstanding any prepayment of the Borrower Loan Agreement and notwithstanding a discharge of the Borrower Loan Agreement or the Note, the Owner shall continue to pay the City's annual administrative fee as calculated and described below. Upon the occurrence of an event of

default hereunder, the Owner shall continue to pay to the City compensation for any services rendered by it hereunder and reimbursement for all expenses incurred by it in connection therewith.

In case any action at law or in equity, including an action for declaratory relief, is brought against the Owner to enforce the provisions of this Regulatory Agreement, the Owner agrees to pay reasonable attorney's fees and other reasonable expenses incurred by the City, the Funding Lenders, the Funding Lender Representative, the Fiscal Agent, CDLAC and/or the Program Administrator in connection with such action.

19. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California.

20. Amendments. To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Tax Counsel filed with the City, the Fiscal Agent and the Owner, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement which must be complied with in order to maintain the Tax-Exempt status of interest on the Note, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements. Otherwise, this Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the City and County of San Francisco, California provided that any amendment to the CDLAC Requirements shall also be subject to the consent of CDLAC, and provided further, that any amendment to Sections 3 and 4 thereof shall require an opinion of Tax Counsel filed with the City, the Fiscal Agent, the Lender and the Owner, to the effect that such amendment will not adversely affect the Tax-Exempt status of interest on the Note.

21. City Contracting Provisions. The Owner covenants and agrees to comply with the provisions set forth in Exhibit H to this Regulatory Agreement, which are incorporated in and made a part of this Regulatory Agreement by this reference.

22. Notice. All notices, certificates or other communications shall be sufficiently given and shall be deemed given on the date personally delivered, or given by telecopier (with proof of transmission and promptly confirmed by mail in the manner described under this Section), or on the second day following the date on which the same have been mailed by first class mail, postage prepaid or the business day following delivery by a recognized overnight delivery service, addressed as follows:

If to the City:

City and County of San Francisco
City Hall 1 Dr. Carlton B. Goodlett Place, Room 316
San Francisco, California 94102
Attention: City Controller

With copies to: (None of which copies shall constitute notice)

City and County of San Francisco
City Hall, 1 Dr. Carlton B. Goodlett Place, Room 140
San Francisco, California 94102
Attention: City Treasurer

City and County of San Francisco
Mayor's Office of Housing and Community
Development
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attention: Director

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

If to the Owner:

Ambassador Ritz Four Percent, L.P.
c/o Tenderloin neighborhood Development Corporation
201 Eddy Street
San Francisco, CA 94102
Attn: Executive Director

With a copy to:

Gubb & Barshay
505 14th Street, Suite 450
Oakland, CA 94612
Attn: Sarah Perez, Esq.

If to the Investor Limited Partner:

US Bank Community Development Corp.
1307 Washington Avenue, Suite 300
Mail Code: SLMORMCD
St. Louis, MO 63103
Attn: Director of LIHTC Asset Management

With a copy to:

Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102
Attn: Jill Goldstein, Esq.

If to the Funding Lender Representative: U.S. Bank National Association
1307 Washington Avenue
St. Louis, MO 63103
Attn: _____

With a copy to: Davis Wright Tremaine LLP
865 South Figueroa Street, Suite 2400
Los Angeles, CA 90071
Attn: Tiffany K. Switzer, Esq.

If to the Fiscal Agent: {To Come }

Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent.

23. Interpretation. The parties to this Regulatory Agreement acknowledge that each party and their respective counsel have participated in the drafting of this Regulatory Agreement. Accordingly, the parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Regulatory Agreement or any supplement or exhibit hereto.

24. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

25. Multiple Counterparts. This Regulatory Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

26. Third-Party Beneficiaries. The parties to the Regulatory Agreement recognize and agree that the terms of this Regulatory Agreement and the enforcement of those terms are entered into for the benefit of various parties, including CDLAC. The parties hereto acknowledge that CDLAC and the Fiscal Agent are intended to be third party beneficiaries of this Regulatory Agreement. CDLAC shall accordingly have contractual rights in this Regulatory Agreement and shall be entitled (but not obligated) to enforce, in accordance with Section 16 hereof, the terms hereof and the terms of the CDLAC Resolution. Notwithstanding the above, solely CDLAC shall be entitled to enforce the terms of the CDLAC Resolution, provided however that CDLAC has agreed to not take such action or enforce such remedy that would be material adverse to the interests of the Funding Lenders.

Pursuant to Section 52080(k) of the Housing Law, the provisions of Sections 4(a)(iv) and Section 6 hereof may be enforced either in law or in equity by any resident, local agency, entity, or by any other person adversely affected by the Owner's failure to comply with that Section.

27. CDLAC Requirements. In addition to the other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 2 through 6 hereof, the Owner hereby agrees: i) to comply with the CDLAC Resolution; ii) that the acquisition, rehabilitation and operation of the Project, and the financing thereof, is and shall be in compliance with the conditions set forth in Exhibit A (“CDLAC Requirements”) to CDLAC Resolution No. 20-0185 adopted on December 9, 2020, and extended on March 26, 2021, attached hereto as Exhibit F (the “CDLAC Resolution”), which CDLAC Requirements are incorporated herein by this reference; and iii) that the Owner will cooperate fully with the City in connection with the City’s monitoring and reporting requirements as provided herein. Compliance with the terms of the CDLAC Requirements not contained within this Regulatory Agreement, but referred to in the CDLAC Requirements, are the responsibility of the Owner to report to the City.

After the Note is executed and delivered, the terms and conditions set forth in the CDLAC Resolution shall be enforceable by CDLAC (or in its sole discretion the City) through an action for specific performance or any other available remedy. In addition, after the Bonds are issued, changes to Items #1, #6, #7, #10 thru #12, #14 thru #16, #18 thru #26, and #37 of the CDLAC Requirements require CDLAC’s Committee or Executive Director’s approval (or as otherwise required by CDLAC) and changes to item #2, #13, #17, #27, and #39 thru #41 of the CDLAC Requirements cannot be altered. Changes to Items #3 thru #5 of Exhibit A of the CDLAC Resolution require no CDLAC Committee or Executive Director’s approval but any alterations must be reported to CDLAC staff for the affordability period. Changes to Items #8 and #9 of the CDLAC Requirements require no CDLAC notification and changes to Items #28 thru #36 and #38 of the CDLAC Requirements require CDLAC Committee or Executive Director’s approval only prior to the Project being Placed in Service by the CTCAC. Compliance with the terms of the CDLAC Requirements not specifically set forth in the Regulatory Agreement are the responsibility of the Owner to report to the City.

Annually, on February 1st, until rehabilitation of the Project has been completed and the Owner has submitted to the City the Certificate of Completion, and thereafter on February 1st every three years, the Owner shall prepare and submit to the City a Certificate of Compliance II in substantially the form attached hereto as Exhibit G (or as otherwise required by CDLAC), executed by an Authorized Owner Representative.

Any of the foregoing requirements of CDLAC contained in this Section 27 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver of CDLAC of any requirement of this Section 27 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement, except to the extent that the City has received an opinion of Tax Counsel that any such provision is not required by the Act or the Code and may be waived without adversely affecting the exclusion from gross income of interest on the Bonds for federal income tax purposes; and (ii) any requirement of this Section 27 shall be void and of no force and effect if the City and the Owner receive a written opinion of Tax Counsel to the effect that compliance with any such requirement would cause interest on the Bonds to cease to be Tax-Exempt or to the effect that any compliance with such requirement would be in conflict with the Act, the Code or any other state or federal law.

29. California Debt and Investment Advisory Commission Reporting Requirements. No later than January 31 of each calendar year (commencing January 31, 2022), the Owner, on behalf of the City, agrees to provide the California Debt and Investment Advisory Commission, by any method approved by such Commission, with a copy to the City, the annual report information required by Section 8855(k)(1) of the California Government Code. This covenant shall remain in effect until the later of the date (i) the Note is no longer outstanding or (ii) the proceeds of the Note and the Funding Loan have been fully spent.

[Signatures appear on next page]

IN WITNESS WHEREOF, the City and the Owner have executed this Regulatory Agreement by their duly authorized representatives, all as of the date first written hereinabove.

CITY AND COUNTY OF SAN FRANCISCO,
acting by and through the Mayor's Office of
Housing and Community Development

By: _____
Eric D. Shaw, Director
Mayor's Office of Housing and Community
Development

Approved as to Form:
DENNIS J. HERRERA
City Attorney

By _____
Heidi J. Gewertz
Deputy City Attorney

[Signatures continue on following page.]

OWNER:

Ambassador Ritz Four Percent, L.P.,
a California limited partnership

By: Ambassador Ritz Four Percent GP LLC,
a California limited liability company, its General Partner

By: Turk Street Inc.
a California nonprofit public benefit corporation, its sole member

By: _____
Name: Donald S. Falk
Title: Chief Executive Officer

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, Notary Public,
(Print Name of Notary Public)

personally appeared _____

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of Notary Public

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- Individual
- Corporate Officer

Title(s)

- Partner(s) Limited General
- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other: _____

Signer is representing:
Name Of Person(s) Or Entity(ies)

DESCRIPTION OF ATTACHED DOCUMENT

Title Or Type Of Document

Number Of Pages

Date Of Documents

Signer(s) Other Than Named Above

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
 COUNTY OF _____)

On _____, before me, _____, Notary Public,
 (Print Name of Notary Public)

personally appeared _____

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

 Signature of Notary Public

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- Individual
- Corporate Officer

 Title(s)

- Partner(s) Limited General
- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other: _____

Signer is representing:
 Name Of Person(s) Or Entity(ies)

DESCRIPTION OF ATTACHED DOCUMENT

 Title Or Type Of Document

 Number Of Pages

 Date Of Documents

 Signer(s) Other Than Named Above

EXHIBIT A

LEGAL DESCRIPTION OF THE SITE

All that certain real property situated in the City and County of San Francisco, State of California, more particularly described as follows:

EXHIBIT B

INCOME CERTIFICATION FORM

A current version of the CTCAC form may be downloaded from the State Treasurer's website at the following link: <http://www.treasurer.ca.gov/ctcac/compliance/tic.pdf>.

EXHIBIT C

COMPLETION CERTIFICATE

CITY AND COUNTY OF SAN FRANCISCO
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attention: Director

Re: *City and County of San Francisco, California*
Multifamily Housing Note (Ambassador Ritz 4%), Series 2021D

The undersigned (the "Owner") hereby certifies that all aspects of the rehabilitation of the Project (as that term is used in the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of August 1, 2021, by and between the City and County of San Francisco and the Owner (the "Regulatory Agreement")) were substantially completed and the Project was fully available for occupancy by tenants in the Project as of _____, 20__ (the "Completion Date"). Capitalized terms not defined herein shall have the meaning ascribed to them under the Regulatory Agreement.

The undersigned hereby certifies that:

(a) the aggregate amount disbursed on the Loan to date is \$ _____;
and

(b) all amounts disbursed on the Loan have been applied to pay or reimburse the undersigned for the payment of Project Costs and none of the amounts disbursed on the Loan has been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs; and

(c) as shown on the attached sheet (showing the breakdown of expenditures for the Project and the source of the funds which were used to pay such costs), in compliance with Subsection 2(i) of the Regulatory Agreement at least ninety-five percent (95%) of the amounts disbursed on the Loan have been applied to pay or reimburse the Owner for the payment of Qualified Project Costs. Furthermore, less than twenty-five percent (25%) of the amounts disbursed on the Loan, exclusive of amounts applied to pay the costs of issuing the Note, have been applied to pay or reimburse the Owner for the cost of acquiring land.

[Signatures appear on the next page.]

Date: _____, 20__

OWNER:

Ambassador Ritz Four Percent, L.P.,
a California limited partnership

By: Ambassador Ritz Four Percent GP LLC,
a California limited liability company, its General Partner

By: Turk Street Inc.
a California nonprofit public benefit corporation, its sole member

By: _____
Name: Donald S. Falk
Title: Chief Executive Officer

EXHIBIT D

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Project Name: Ambassador Ritz 4%

CDLAC Application Number(s): 20-660

CDLAC Resolution Number(s): 20-185

Property Addresses: 55 Mason Street and 216 Eddy Street, San Francisco, California

Project Completion Date (if completed, otherwise mark N/A): _____

Name of Obligation: City and County of San Francisco, California
Multifamily Housing Revenue Note (Ambassador Ritz 4%), Series 2021D

The undersigned, being the authorized representatives of Ambassador Ritz Four Percent, L.P., a California limited partnership (the "Owner"), hereby certifies that he/she has read and is thoroughly familiar with the provisions of the various documents associated with the Owner's participation in the City and County of San Francisco (the "City") Multifamily Housing Program, such documents including:

1. the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of August 1, 2021 (the "Regulatory Agreement"), between the Owner and the City; and
2. the Borrower Loan Agreement, dated as of August 1, 2021, among the City, the Fiscal Agent and the Owner.

The undersigned further certifies that:

A. There have been no changes to the ownership entity, principals or property management of the Project since the Note was issued and delivered, or since the last certification was provided (as applicable), except as described below:

(If so please attach a request to revise the CDLAC Resolution, noting all pertinent information regarding the change, otherwise state "NONE")

If Project has not yet been placed in service, mark N/A for the balance of the items below:

B. During the preceding twelve (12) months (i) such Project was continually in compliance with the Regulatory Agreement executed in connection with such loan from the City and (ii) ___ of the units in the Project were occupied by Qualified Tenants (minimum of one hundred percent (100%).

C. As of the date of this Certificate, the following percentages of completed residential units in the Project (i) are occupied by Qualified Tenants, or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Qualified Tenant vacated such unit, as indicated below:

TOTAL UNITS:

Occupied by Low Income Tenants:

| | |
|------------------------|-----------------|
| Studio: _____ | Unit Nos. _____ |
| 1 bedroom units: _____ | Unit Nos. _____ |
| 2 bedroom units: _____ | Unit Nos. _____ |
| 3 bedroom units: _____ | Unit Nos. _____ |

Occupied by Very Low Income Tenants:

| | |
|------------------------|-----------------|
| Studio: _____ | Unit Nos. _____ |
| 1 bedroom units: _____ | Unit Nos. _____ |
| 2 bedroom units: _____ | Unit Nos. _____ |
| 3 bedroom units: _____ | Unit Nos. _____ |

Total percentage occupied by Qualified Tenants: _____ (minimum of one hundred

Held vacant for occupancy continuously since last occupied by a Low Income Tenant:

_____%; Unit Nos. _____

Held vacant for occupancy continuously since last occupied by a Very Low Income Tenant:

_____%; Unit Nos. _____

It hereby is confirmed that each tenant currently residing in a unit in the Project has completed an Income Certification Form in the form approved by the City and that since commencement of the Qualified Project Period, not less than all of the occupied units in the Project have been rented to (or are vacant and last occupied by) Qualified Tenants. The undersigned hereby certifies that the Owner is not in default under any of the terms and provisions of the above documents.

D. The units occupied by Qualified Tenants are of similar size and quality to other units and are dispersed throughout the Project.

E Select appropriate certification: [No unremedied default has occurred under this Regulatory Agreement, the Note, the Loan Agreement or the Security Instrument.] [A default has occurred

under the _____. The nature of the default and the measures being taken to remedy such default are as follows: _____.]

F. There has been no change of use for the Project, except as follows: (please describe if any, or otherwise indicate "NONE")

G. Select appropriate certification: The undersigned hereby certifies that the Project [has satisfied all] [except as described below, has satisfied all] of the requirements memorialized in the Exhibit A of the CDLAC Resolution, a copy of which is attached hereto (i.e. qualifying project completion, qualifying depreciable asset purchase, qualifying loan originations, the use of public funds, manager units, income rent restrictions, sustainable building methods, etc., as applicable), and thus has achieved all public benefit requirements (excluding service amenities) as presented to CDLAC.

[Describe any requirements not satisfied: _____]

H. As captured in Exhibit A of the CDLAC Resolution, the Project has committed to and is currently providing the following service amenities for a minimum of ten (10) years, on a regular and ongoing basis, which are provided free of charge (with the exception of day care services): [Confirm]

Please check the services that apply or write N/A where appropriate:

_____ After-school Programs

_____ Educational, health and wellness, or skill building classes

_____ Health and Wellness services and programs (not group classes)

_____ Licensed Childcare provided for a minimum of twenty (20) hours per week (Monday-Friday)

_____ Bona-Fide Service Coordinator/ Social Worker

1) For this reporting period, attached is evidence (i.e. MOUs, contracts, schedules, calendars, flyers, sign-up sheets, etc.) confirming that the above listed services are being provided and have met the requirements of Exhibit A of the CDLAC Resolution.

2) If any of the above services requirements were not met, what corrective action is being taken to comply?

(Please also attach the completed project sponsor certification form as provided in the CDLAC Resolution)

(Please also attach the completed Occupancy and Rent Information form attached hereto)

I. The representations set forth herein are true and correct to the best of the undersigned's knowledge and belief, and the undersigned acknowledges and agrees that the City will be relying solely on the foregoing certifications and accompanying documentation, if any, in making its certification to CDLAC pursuant to Section 5144 of the CDLAC regulations (Division 9.5 of Title 4 of the California Code of Regulations), and agrees to provide to the City such documentation or evidence, in support of the foregoing certifications, as the City or CDLAC may request.

Capitalized terms used in this Certificate and not otherwise defined herein have the meanings given to them in the Regulatory Agreement.

Date: _____, 20__

OWNER:

Ambassador Ritz Four Percent, L.P.,
a California limited partnership

By: Ambassador Ritz Four Percent GP LLC,
a California limited liability company, its General Partner

By: Turk Street Inc.
a California nonprofit public benefit corporation, its sole member

By: _____
Name: Donald S. Falk
Title: Chief Executive Officer

EXHIBIT E

CERTIFICATE AS TO COMMENCEMENT OF QUALIFIED PROJECT PERIOD

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:
City and County of San Francisco
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attention: Director

City and County of San Francisco, California
Multifamily Housing Revenue Note
(Ambassador Ritz 4%), Series 2021D

The undersigned, being the authorized representative(s) of Ambassador Ritz Four Percent, L.P., a California limited partnership, hereby certifies that: (complete blank information):

Ten percent (10%) of the dwelling units in the Project financed in part from the proceeds of the above-captioned Note were first occupied on _____ and

Fifty percent (50%) of the dwelling units in the Project financed in part from the proceeds of the above-captioned Note were first occupied on _____.

[Signatures appear on the next page.]

Date: _____, 20__

OWNER:

Ambassador Ritz Four Percent, L.P.,
a California limited partnership

By: Ambassador Ritz Four Percent GP LLC,
a California limited liability company, its General Partner

By: Turk Street Inc.
a California nonprofit public benefit corporation, its sole member

By: _____
Name: Donald S. Falk
Title: Chief Executive Officer

Acknowledged:
City and County of San Francisco

By: _____
Name, Title

EXHIBIT F
CDLAC RESOLUTION

[See Attached.]

EXHIBIT G

CDLAC CERTIFICATE OF COMPLIANCE II

1. Project Name Change: No ____ Yes ____

(If project name has changed since the award of allocation, please note the new project name as well as the original project name.)

New: _____ Original: _____

2. CDLAC Application No.: _____

3. Bond Issuer Change: No ____ Yes ____

(If Bond Issuer has changed since the award as a result of refinancing or refunding of an allocation, please note the new Issuer as well as the original Issuer.)

New: _____ Original: _____

Address: _____

Phone #: _____

Email: _____

4. Change in Borrower: No ____ Yes ____

(If Borrower has changed since the award affecting the CDLAC resolution, please note the new Borrower as well as the original Borrower.)

New: _____ Original: _____

Address: _____

Phone #: _____

Email: _____

5. Has the project been completed and placed in service? No ____ Yes ____

(If yes, please submit Completion Certification (one time only.)

Already submitted certification

6. Has any of the following events occurred associated with the bond allocation: a change in use, a bond default, or a qualified bond default.

No ____ Yes ____ If yes, please describe and explain.

7. (IDB ONLY) If applicable in the CDLAC Exhibit A, provide the following job creation and retention details:

_____ Number of existing jobs actually retained

_____ Number of new jobs anticipated to be created

8. (QPEF ONLY) If applicable in Exhibit A of the CDLAC Resolution, please certify that the project is being maintained for public school purposes during the term of the regulatory agreement.

No _____ Yes _____ If no, please provide an explanation.

Pursuant to Section 13 of Resolution No. 20-185 (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on December 9, 2020, I, _____, an officer of the Borrower, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with the terms and conditions set forth in the Resolution as outlined above. I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution, including Exhibit A, shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

Signature of Officer

Date

Printed Name of Officer

Phone Number

Title of Officer

EXHIBIT H

CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS

The following provisions shall apply to this Regulatory Agreement, referred to in this Exhibit H as “Agreement,” as if set forth in the text thereof. Capitalized terms used but not defined in this Appendix shall have the meanings given in the Agreement.

1. Nondiscrimination; Penalties.

(a) *Nondiscrimination in Contracts.* The Trustee shall comply with the provisions of Chapters 12B and 12C of the San Francisco Administrative Code. The Owner shall incorporate by reference in any subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require any subcontractors to comply with such provisions. The Owner is subject to the enforcement and penalty provisions in Chapters 12B and 12C.

(b) *Nondiscrimination in the Provision of Employee Benefits. San Francisco Administrative Code 12B.2.* The Owner does not as of the date of this Agreement, and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of employee benefits between employees with domestic partners and employees with spouses and/or between the domestic partners and spouses of such employees, subject to the conditions set forth in San Francisco Administrative Code Section 12B.2.

2. MacBride Principles—Northern Ireland. The provisions of San Francisco Administrative Code §12F are incorporated by this reference and made part of this Agreement. By entering into this Agreement, the Owner confirms that it has read and understood that the City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

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

4. Alcohol and Drug-Free Workplace. The City reserves the right to deny access to, or require the Owner to remove from, City facilities personnel of the Owner who the City has reasonable grounds to believe has engaged in alcohol abuse or illegal drug activity which in any way impairs the City’s ability to maintain safe work facilities or to protect the health and well-being of City employees and the general public. The City shall have the right of final approval for the entry or re-entry of any such person previously denied access to, or removed from, City facilities. Illegal drug activity means possessing, furnishing, selling, offering, purchasing, using or being under the influence of illegal drugs or other controlled substances for which the individual lacks a valid prescription. Alcohol abuse means possessing, furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol.

5. Compliance with Americans with Disabilities Act. The Owner shall provide the services specified in this Agreement in a manner that complies with the Americans with Disabilities Act (ADA),

including but not limited to Title II's program access requirements, and all other applicable federal, state and local disability rights legislation.

6. Sunshine Ordinance. The Owner acknowledges that this Agreement and all records related to its formation, the Owner's performance under this Agreement, and the City's payment are subject to the California Public Records Act, (California Government Code §6250 et. seq.), and the San Francisco Sunshine Ordinance, (San Francisco Administrative Code Chapter 67). Such records are subject to public inspection and copying unless exempt from disclosure under federal, state or local law.

7. Limitations on Contributions. By executing this Agreement, the Owner acknowledges its obligations under section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with, or is seeking a contract with, any department of 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, for a grant, loan or loan guarantee, or for a development agreement, from making any campaign contribution to (i) a City elected official if the contract must be approved by that official, a board on which that official serves, or the board of a state agency on which an appointee of that official serves, (ii) a candidate for that City elective office, or (iii) a committee controlled by such elected official or a candidate for that office, at any time from the submission of a proposal for the contract until the later of either the termination of negotiations for such contract or twelve months after the date the City approves the contract. The prohibition on contributions applies to each prospective party to the contract; each member of the Owner's board of directors; the Owner's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 10% in the Owner; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by the Owner. The Owner certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

8. Requiring Minimum Compensation for Covered Employees. If Administrative Code Chapter 12P applies to this Agreement, the Owner shall pay covered employees no less than the minimum compensation required by San Francisco Administrative Code Chapter 12P, including a minimum hourly gross compensation, compensated time off, and uncompensated time off. The Owner is subject to the enforcement and penalty provisions in Chapter 12P. Information about and the text of the Chapter 12P is available on the web at <http://sfgov.org/olse/mco>. The Owner is required to comply with all of the applicable provisions of 12P, irrespective of the listing of obligations in this Section. By signing and executing this Agreement, the Owner certifies that it complies with Chapter 12P.

9. Requiring Health Benefits for Covered Employees. If Administrative Code Chapter 12Q applies to this Agreement, the Owner shall comply with the requirements of Chapter 12Q. For each Covered Employee, the Owner shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If the Owner chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission. Information about and the text of the Chapter 12Q, as well as the Health Commission's minimum standards, is available on the web at <http://sfgov.org/olse/hcao>. The Owner is subject to the enforcement and penalty provisions in Chapter 12Q. Any subcontract entered into by the Owner shall require any subcontractor with 20 or more employees to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section.

10. Prohibition on Political Activity with City Funds. In performing under this Agreement, the Owner shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds

appropriated by the City for this Agreement from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. The Owner is subject to the enforcement and penalty provisions in Chapter 12G.

11. Nondisclosure of Private, Proprietary or Confidential Information. If this Agreement requires the City to disclose “Private Information” to the Owner within the meaning of San Francisco Administrative Code Chapter 12M, the Owner shall use such information consistent with the restrictions stated in Chapter 12M and in this Agreement and only as necessary in performing the services provided under this Agreement. The Owner is subject to the enforcement and penalty provisions in Chapter 12M.

In the performance of services provided under this Agreement, the Owner may have access to the City’s proprietary or confidential information, the disclosure of which to third parties may damage the City. If the City discloses proprietary or confidential information to the Owner, such information must be held by the Owner in confidence and used only in performing this Agreement. The Owner shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary or confidential information.

12. Consideration of Criminal History in Hiring and Employment Decisions. The Owner agrees to comply fully with and be bound by all of the provisions of Chapter 12T, “City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions,” of the San Francisco Administrative Code (“Chapter 12T”), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Agreement. The text of Chapter 12T is available on the web at <http://sfgov.org/olse/fco>. A partial listing of some of the Owner’s obligations under Chapter 12T is set forth in this Section. The Owner is required to comply with all of the applicable provisions of Chapter 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12T.

The requirements of Chapter 12T shall only apply to the Owner’s operations to the extent those operations are in furtherance of the performance of this Agreement, shall apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, and shall apply when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco which excludes Airport property. Chapter 12T shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

13. Reserved

14. Submitting False Claims; Monetary Penalties. The full text of San Francisco Administrative Code § 21.35, including the enforcement and penalty provisions, is incorporated into this Agreement. Under San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or

causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

15. Conflict of Interest. By entering into this Agreement, the Owner certifies that it does not know of any fact which constitutes a violation of Section 15.103 of the City's Charter; Article III, Chapter 2 of City's Campaign and Governmental Conduct Code; Title 9, Chapter 7 of the California Government Code (Section 87100 *et seq.*), or Title 1, Division 4, Chapter 1, Article 4 of the California Government Code (Section 1090 *et seq.*), and further agrees promptly to notify the City if it becomes aware of any such fact during the term of this Agreement.

16. Food Service Waste Reduction Requirements. The Owner shall comply with the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including but not limited to the provided remedies for noncompliance.

17. Distribution of Beverages and Water. The Owner agrees that it will not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by San Francisco Administrative Code Chapter 101, as part of its performance of this Agreement. The Owner agrees that it shall not sell, provide or otherwise distribute Packaged Water, as defined by San Francisco Environment Code Chapter 24, as part of its performance of this Agreement.

18. Consideration of Salary History. The Owner shall comply with San Francisco Administrative Code Chapter 12K, the Consideration of Salary History Ordinance or "Pay Parity Act." The Owner is prohibited from considering current or past salary of an applicant in determining whether to hire the applicant or what salary to offer the applicant to the extent that such applicant is applying for employment to be performed on this Agreement or in furtherance of this Agreement, and whose application, in whole or part, will be solicited, received, processed or considered, whether or not through an interview, in the City or on City property. The ordinance also prohibits employers from (1) asking such applicants about their current or past salary or (2) disclosing a current or former employee's salary history without that employee's authorization unless the salary history is publicly available. Contractor is subject to the enforcement and penalty provisions in Chapter 12K. Information about and the text of Chapter 12K is available on the web at <https://sfgov.org/olse/consideration-salary-history>. Contractor is required to comply with all of the applicable provisions of 12K, irrespective of the listing of obligations in this Section.

19. Laws Incorporated by Reference. The full text of the laws listed in this Appendix A, including enforcement and penalty provisions, are incorporated into this Agreement by reference. The full text of the San Francisco Municipal Code provisions incorporated by reference in this Appendix A are available at http://www.amlegal.com/codes/client/san-francisco_ca/

20. First Source Hiring Program. The Owner must comply with all of the provisions of the First Source Hiring Program, Chapter 83 of the San Francisco Administrative Code, that apply to this Agreement, and the Owner is subject to the enforcement and penalty provisions in Chapter 83.

21. Prevailing Wages. Services to be performed by the Owner under this Agreement may involve the performance of trade work covered by the provisions of Section 6.22(e) or Section 21C of the Administrative Code (collectively, "Covered Services"). The provisions of Section 6.22(e) and Section 21C of the Administrative Code are incorporated as provisions of this Agreement as if fully set forth herein and will apply to any Covered Services performed by the Owner.

EXHIBIT I
FORM OF ANNUAL MONITORING REPORT

EXHIBIT J

OPERATIONAL RULES FOR SAN FRANCISCO HOUSING LOTTERIES AND RENTAL LEASE UP ACTIVITIES

The Operational Rules for San Francisco Housing Lotteries and Rental Lease Up Activities may be found in the current version of the Housing Preferences and Lottery Procedures Manual which is incorporated herein by this reference and may be downloaded from the Mayor's Office of Housing and Community Development website at the following link:

[https://sfmohcd.org/sites/default/files/Documents/MOH/Lottery Preferences/Lottery Preferences Manual.pdf](https://sfmohcd.org/sites/default/files/Documents/MOH/Lottery%20Preferences/Lottery%20Preferences%20Manual.pdf)

EXHIBIT K
MARKETING AND TENANT SELECTION PLAN

{To Come}

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

U.S. Bank National Association
4747 Executive Drive
3rd Floor
San Diego, California 92121
Attention: Loan Administration

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**ASSIGNMENT OF DEED OF TRUST
AND RELATED DOCUMENTS**

For value received, the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, duly organized and existing under the laws of the State of California ("**Governmental Lender**"), hereby grants, conveys, assigns and transfers to **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, in its capacity as "Funding Lender Representative" under the Funding Loan Agreement described below (in such capacity "**Funding Lender Representative**"), for security purposes only and without recourse, the interest of Governmental Lender (other than the "Unassigned Rights," as such term is defined in that certain Funding Loan Agreement dated as of August 1, 2021 (the "**Funding Loan Agreement**"), by and among Governmental Lender, Funding Lender Representative, U.S. Bank National Association, a national banking association, in its capacity as "Initial Funding Lender", and ///[_____]///, as "Fiscal Agent" (the "**Fiscal Agent**"), under:

A. That certain Construction Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "**Deed of Trust**") dated as of the date hereof, executed by **AMBASSADOR RITZ FOUR PERCENT, L.P.**, a California limited partnership ("**Borrower**"), as grantor, for the benefit of Governmental Lender, as beneficiary, and recorded concurrently herewith in the Official Records of San Francisco County, California, affecting the real property described in **Exhibit A** attached hereto and incorporated herein by this reference;

B. That certain Borrower Loan Agreement dated as of August 1, 2021, by and among Governmental Lender, Fiscal Agent and Borrower;

C. That certain ///[Promissory Note]/// ("**Note**") dated as of the date hereof, executed by Borrower in favor of Governmental Lender, in the original principal amount of ///[\$56,039,857]///, and assigned to Funding Lender Representative, and all renewals, modifications and extensions thereof;

D. That certain Payment Guaranty Agreement, that certain Completion Guaranty Agreement, and that certain Recourse Carve-Out Guaranty Agreement, each dated as of the date hereof and executed by Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation, for the benefit of Governmental Lender;

E. The policy of title insurance issued by ///[_____]/// insuring the lien of the Deed of Trust; and

E. All other "**Loan Documents**" relating to the "**Borrower Loan**" (as such terms are defined in the Funding Loan Agreement) secured by the Deed of Trust, all of which are granted to secure all

obligations of Governmental Lender under the Funding Loan Agreement, and all renewals, modifications and extensions thereof.

All capitalized terms used herein and without definition shall have the meanings set forth in the Funding Loan Agreement.

Dated as of ///[_____]///.

[Remainder of Page Intentionally Left Blank]

GOVERNMENTAL LENDER:

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Eric D. Shaw, Director,
Mayor's Office of Housing and
Community Development

EXHIBIT A
REAL PROPERTY
///[To Be Inserted]///

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }
County of _____ }

On _____, 2021 before me, _____, a Notary Public, personally appeared _____, who proved to me the basis of satisfactory evidence to be the person (s) whose name (s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her their authorized capacity (ies), and that by his/her/their signature (s) on the instrument the person (s), or the entity upon behalf of which the person (s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature_____

(SEAL)

PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, the borrower identified below (the “Borrower”) has provided the following required information to the City and County of San Francisco (the “City”) prior to the City’s regular meeting (the “Meeting”) of its Board of Supervisors (the “Board”) at which Meeting the Board will consider the authorization of conduit revenue obligations (the “Note”) as identified below.

1. Name of Borrower: Ambassador Ritz Four Percent, L.P., a California limited partnership
2. Board of Supervisors Meeting Date: July 20, 2021
3. Name of Note Issue/Conduit Revenue Obligations:
City and County of San Francisco Multifamily Housing Revenue Note (Ambassador Ritz 4%) Series 2021D
4. Private Placement Lender or Note Purchaser, Underwriter or Financial Advisor (mark one) engaged by the Borrower from which the Borrower obtained the following required good faith estimates relating to the Note: California Housing Partnership Corporation
 - (A) The true interest cost of the Note, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of Note (to the nearest ten-thousandth of one percent):
0%
 - (B) The finance charge of the Note, which means the sum of all fees and charges paid to third parties: \$1,192,762
 - (C) The amount of proceeds received by the public body for sale of the Note less the finance charge of the Note described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the Note: \$56,039,857
 - (D) The total payment amount, which means the sum total of all payments the Borrower will make to pay debt service on the Note plus the finance charge of the Note described in subparagraph (B) not paid with the proceeds of the Note (which total payment amount shall be calculated to the final maturity of the Note): \$59,810,803

This document has been made available to the public at the Meeting of the Board.

Dated: June 24, 2021



CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

915 Capitol Mall, Room 311
Sacramento, CA 95814
p (916) 653-3255
f (916) 653-6827
cdlac@treasurer.ca.gov
www.treasurer.ca.gov/cdlac

MEMBERS

FIONA MA, CPA, CHAIR
STATE TREASURER

GAVIN NEWSOM
GOVERNOR

BETTY T. YEE
STATE CONTROLLER

EXECUTIVE DIRECTOR
JUDITH BLACKWELL

December 9, 2020

Eric D Shaw
Director
City and County of San Francisco
1 South Van Ness Avenue 5th Floor
San Francisco, CA 94103

RE: RESOLUTION ATTESTING TO THE TRANSFER OF PRIVATE ACTIVITY BOND ALLOCATION

Dear Mr. Shaw:

Enclosed is a copy of Resolution No. 20-185, adopted by the California Debt Limit Allocation Committee (the "Committee") on December 9, 2020, transferring \$56,039,857 of the 2020 State Ceiling on Qualified Private Activity Bonds to the City and County of San Francisco (the "Applicant") for the Ambassador Ritz Four Percent, L.P. Project on a carryforward basis.

The Resolution establishes the terms and conditions under which the allocation has been granted. Please read it carefully and keep a copy in your permanent files. **You are advised to consult bond counsel regarding the making of a carryforward election pursuant to the rules of the Internal Revenue Service.**

The following is additional information pertaining to the use of the allocation for this Project:

1. **Performance Deposit:** Pursuant to Section 5050 of the Committee's Regulations, the performance deposit certified in support of this project (\$100,000) is to remain on deposit until you receive written authorization from the Committee that it may be released. This written release will be provided once the Committee receives the "Report of Action Taken" form indicating that the allocation transferred was used for the issuance of bonds for the specific Project, a copy of the conformed regulatory agreement and the payment of the second installment of the CDLAC filing fee. A copy of the conformed regulatory agreement should be sent electronically to CDLAC@treasurer.ca.gov. The full amount of the deposit will be released upon the Committee's approval if at least 80% of the allocation is used for the issuance of bonds. If an amount less than 80% of the allocation is used to issue bonds, a proportionate amount of the deposit will be subject to forfeiture.

2. **IRS Certification:** The IRS-required certification will be prepared and sent to bond counsel once the Committee receives the "Report of Action Taken" form.

3. **Second Installment of Filing Fee:** **Enclosed is an invoice for this Project.** The invoice attached herein should be considered final, due and payable upon the issuance of bonds.

Eric D Shaw
December 9, 2020
Page 2

4. **Compliance:** The Certification of Compliance II or equivalent form is to be submitted by the Project Sponsor to the Applicant by the Applicant's specified deadline, but no later than March 1st annually until the project's Certificate of Completion has been submitted to the Applicant. Following the submission of the Certificate of Completion or equivalent form to the Applicant, the Certification of Compliance II is to be submitted March 1st every three (3) years thereafter. In addition, an Annual Applicant Public Benefits and On-going Compliance Self-Certification (Self Certification) form must be submitted by the Applicant online every year until the Certificate of Completion has been

submitted to the Applicant. After the completion of the project has been reported, the Self Certification will be required to be submitted March 1st every three years thereafter pursuant to Section 5144 of the CDLAC Regulations. Verification to CDLAC of income and rental information is not required in advance of the submission of the Certificate of Completion. A copy of the Certification of Compliance II and the Certificate of Completion forms may be found at this website location: <http://www.treasurer.ca.gov/cdlac>. Failure to submit compliance may result in disqualification from future program participation.

Please consult the Committee's Regulations for a full explanation of the use of allocation. Do not hesitate to contact me should you have questions.

Sincerely,

Judith Blackwell
Executive Director

Enclosures

cc: Caroline McCormack, City and County of San Francisco
Christine Rankin, Esq., Orrick, Herrington & Sutcliffe LLP
Donald Falk, Ambassador Ritz Four Percent, L.P.

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

RESOLUTION NO. 20-185

**A RESOLUTION TRANSFERRING A PORTION OF THE 2020 STATE CEILING
ON QUALIFIED PRIVATE ACTIVITY BONDS AND
AUTHORIZING THE MAKING OF A CARRYFORWARD ELECTION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

WHEREAS, the California Debt Limit Allocation Committee ("Committee") has received an application ("Application") from the City and County of San Francisco ("Applicant") for the transfer to the Applicant of a portion of the 2020 State Ceiling on Qualified Private Activity Bonds under Section 146 of the Internal Revenue Code of 1986, as amended, for use by the Applicant to issue bonds or other obligations ("Bonds") for a Project as specifically described in Exhibit A ("Project") (capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Regulations of the Committee implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds); and

WHEREAS, the Project Sponsor has represented and the Applicant has confirmed in the Application certain facts and information concerning the Project; and

WHEREAS, in evaluating the Project and allocating a portion of the State Ceiling on Qualified Private Activity Bonds to the Applicant for the benefit of the Project, the Committee has relied upon the written facts and information represented in the Application by the Project Sponsor and the Applicant; and

WHEREAS, it is appropriate for the Committee to make a transfer of a portion of the 2020 State Ceiling On Qualified Private Activity Bonds ("Allocation") in order to benefit such Project described in the Application; and

WHEREAS, the Committee has determined that it is appropriate to authorize the Applicant to make an election to carryforward Allocation to calendar year 2020 with respect to the Project described in the Application.

NOW, THEREFORE, the California Debt Limit Allocation Committee resolves as follows:

Section 1. There is hereby transferred to the Applicant authorization to use **\$56,039,857** of the 2020 State Ceiling on Qualified Private Activity Bonds. Such Allocation may be used only by the Applicant and only for the issuance of Bonds for the Project, as specifically described in Exhibit A. All of the terms and conditions of Exhibit A are incorporated herein as though set forth in full (this resolution, together with Exhibit A are hereafter referred to collectively as this "Resolution").

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds. The Project Sponsor and the Applicant, and all their respective successors and assignees, will be bound by such terms and conditions. The Applicant shall monitor the Project for compliance with the terms and conditions of this Resolution. In addition, the Project shall be subject to the monitoring provisions of California Code of Regulations, Title 4, Section 10337(c) and Section 5220 of the Committee's Regulations.

Section 3. Any modification to the Project made prior to the issuance of the Bonds that impacts the resolution must be reported to the Executive Director and, if the Executive Director determines such modification to be material in light of the Committee's Regulations, shall require reconsideration by the Committee before the Allocation may be used for the Project. After Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by the Committee through an action for specific performance or any other available remedy. In addition, after bonds are issued, changes to Items #1, #6, #7, #10 thru #12, #14 thru #16, #18 thru #26, and #37 of the Exhibit A require Committee or Executive Director approval for the term of commitment; changes to item #2, #13, #17, #27, and #39 thru #41 of the Exhibit A cannot be altered; changes to Items #3 thru #5 of the Exhibit A require no Committee or Executive Director approval but any alterations must be reported to CDLAC staff for the affordability period; changes to Items #8 and #9 of the Exhibit A require no CDLAC notification; and changes to Items #28 thru #36 and #38 of the Exhibit A require Committee or Executive Director approval only prior to the Project being Placed in Service by the CA Tax Credit Allocation Committee (TCAC).

RESOLUTION NO. 20-185

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Section 4. Any material changes in the structure of the bond sale prior to the issuance of the Bonds and not previously approved by the Committee shall require approval of the Committee Chair or the Executive Director.

Section 5. The transfer of proceeds from the sale of bonds to a project other than the Project subject to this Resolution is allowable only with the prior approval of the Executive Director in consultation with the Chair, except when the Project is unable to utilize any of its allocation and the Applicant is requesting the transfer of the entire Allocation to different project(s). In such case, prior approval of the Committee must be obtained. Any transfer made pursuant to this section may only be made to another/other project(s) of the same issuer that has been previously approved by the Committee.

Section 6. The Applicant is authorized to use the Allocation transferred hereby to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer the Carryforward Allocation to any governmental unit in the State other than the Committee.

Section 7. The Allocation transferred herein to the Applicant shall automatically revert to this Committee unless the Applicant has issued Bonds for the Project by the close of business on **June 7, 2021**. Upon the discretion of the Executive Director, the expiration may be extended pursuant to the provisions in Chapter 1, Article 8 of the Committee's Regulations.

Section 8. Prior to being submitted to the IRS, draft Carryforward Elections must be emailed to CDLAC at cdlac@treasurer.ca.gov no later than February 1, 2021 for CDLAC approval of election amounts.

Section 9. Within twenty-four (24) hours of using the Allocation to issue Qualified Private Activity Bonds, the Applicant shall notify the Committee at CDLAC@treasurer.ca.gov that the Allocation has been used. This notice shall identify the Applicant, the project or program, the date the Allocation was used, and the amount of Allocation used.

Section 10. Within fifteen (15) calendar days of the Bond closing, the Applicant or its counsel shall formally transmit to the Committee information regarding the issuance of the Bonds by submitting a completed Report of Action Taken in a form prescribed by and made available by the Committee.

Section 11. Any differences between the amount of Bonds issued and the amount of the Carryforward Allocation granted in Section 1 of this Resolution shall be retained by the Applicant for the period allowed by Section 146(f)(3)(A) of the Internal Revenue Code regarding carryforward elections. Use of any unused Carryforward Allocation shall be in accordance with Section 5132 of the Committee's Regulations regarding carryforward elections.

Section 12. The staff of the Committee is authorized and directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain a copy of this Resolution in the Applicant's official records for the term of the Bonds under this Carryforward Allocation or the term of the income and rental restrictions whichever is longer. The Committee staff is further directed to retain a copy of this Resolution in the files of the Committee (or any successor thereto) for the same period of time.

Section 13. In consideration of the Allocation transferred to the Applicant and the Project Sponsor, the Applicant and the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Further, the Applicant and the Project Sponsor expressly agree that the terms and conditions of this Resolution may be enforced by the Committee through an action for specific performance or any other available remedy, provided however, that the Committee agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of Bondholders. In addition, the Applicant and the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Committee is a third party beneficiary of the terms and conditions set forth in this Resolution.

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Section 14. The Certification of Compliance II or equivalent form is to be submitted by the Project Sponsor to the Applicant by the Applicant's specified deadline, but no later than March 1st annually until the project's Certificate of Completion has been submitted to the Applicant. Following the submission of the Certificate of Completion or equivalent form to the Applicant, the Certification of Compliance II is to be submitted March 1st every three years thereafter. In addition, an Annual Applicant Public Benefits and On-going Compliance Self-Certification (Self Certification) form must be submitted by the Applicant online every year until the Certificate of Completion has been submitted to the Applicant. After the completion of the project has been reported, the Self Certification will be required to be submitted March 1st every three years thereafter pursuant to Section 5144 of the CDLAC Regulations. Verification to CDLAC of income and rental information is not required in advance of the submission of the Certificate of Completion. A copy of the Certification of Compliance II and the Certificate of Completion forms may be found at this website location: <http://www.treasurer.ca.gov/cdlac>. Failure to submit compliance may result in disqualification from future program participation.

Section 15. The applicant may return the allocation to the Committee without assessment of negative points or forfeiture of the performance deposit if the formal written notification is received by the Committee no later than March 9, 2021 for this project.

Section 16. This Resolution shall take effect immediately upon its adoption.

* * *

CERTIFICATION

I, Judith Blackwell, Executive Director of the California Debt Limit Allocation Committee, hereby certify that the above is a full, true, and correct copy of the Resolution adopted at a meeting of the Committee held in the Jesse Unruh Building, 915 Capitol Mall, Room 587, Sacramento, California 95814, on December 9, 2020 at 11:09 a.m. with the following votes recorded:

| | |
|--------------|---|
| AYES: | Fiona Ma, CPA, State Treasurer Gayle Miller for Governor Gavin Newsom Anthony Sertich for State Controller Betty T. Yee |
| NOES: | None |
| ABSTENTIONS: | None |
| ABSENCES: | None |



Judith Blackwell, Executive Director

Date: December 9, 2020

RESOLUTION NO. 20-185
(QUALIFIED RESIDENTIAL RENTAL PROJECT)
EXHIBIT A

1. Applicant: City and County of San Francisco
2. Application No.: 20-660
3. Project Sponsor: Ambassador Ritz Four Percent, L.P. (Ambassador Ritz Four Percent GP LLC and Taylor Family Housing, Inc)
4. Project Management Co.: Tenderloin Neighborhood Development Corporation
5. Project Name: Ambassador Ritz Four Percent, L.P.
6. Type of Project: Acquisition and Rehabilitation/Family
7. Location: San Francisco, CA
8. Private Placement Purchaser: **U.S. Bank National Association**
Cash Flow Bond: **Not Applicable**

All units identified in the CDLAC resolution, including both the Federally Bond-Restricted Units and the Other Restricted Units, will be incorporated into the Bond Regulatory Agreement. Assumptions to be included in the Bond Regulatory Agreement regarding the Other Restricted Units will include the AMI as outlined in the CDLAC resolution, a limitation that tenants pay no more than 30% of their income and 1.5 persons per bedroom occupancy standard to determine the applicable rent.

Applicable

9. Public Sale: **Not Applicable**
Credit Enhancement Provider: **Not Applicable**
10. Total Number of Units: **187** plus **0** unrestricted manager unit(s)
11. Total Number of Restricted Rental Units: **187**
12. The term of the income and rental restrictions for the Project will be at least 55 years from the date 50% occupancy is achieved or when the project is otherwise placed in service.
13. The Regulatory Agreement shall not terminate prior to the end of the CDLAC Resolution affordability term in the event of foreclosure, exercise of power of sale, and/or transfer of title by deed in lieu of foreclosure in connection with a deed of trust directly or indirectly securing the repayment of Cash Flow Permanent Bonds.
14. The Project will utilize Gross Rents as defined in Section 5170 of the Committee's Regulations.
Applicable
15. Income and Rental Restrictions:
 - a. Federally Bond-Restricted Set-aside Units:
At least **40%** of the total units will be restricted at 60% of the Area Median Income.
 - b. Other Restricted Units
For the entire term of the income and rental restrictions, the Project will have:

At least **181** Qualified Residential units rented or held vacant for rental for persons or families whose income is at or below 50% of the Area Median Income.

At least **6** Qualified Residential units rented or held vacant for rental for persons or families whose income is at or below 60% of the Area Median Income.

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Exhibit A

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16. 10% of the units will be restricted to households with incomes no greater than 50% of the Area Median Income in accordance with Section 5191 of the Committee's Regulations. These units will be distributed as follows:

Not Applicable: Preservation Project

| | |
|----------------|----|
| Studios: | 19 |
| One-bedroom: | 0 |
| Two-bedroom: | 0 |
| Three-bedroom: | 0 |
| Four-bedroom: | 0 |
| Five-bedroom: | 0 |

17. For substantial renovation projects, a minimum of \$35,000 in hard construction costs, including overhead, profit, and general conditions, will be expended for each Project unit.

Applicable

18. A minimum of \$10,844,283 of public funds will be expended for the Project.

Applicable

19. At a minimum, the financing for the Project shall include a Taxable Tail in the amount of \$0,000. Taxable debt may only be utilized for Project related expenses, not for the cost of issuance for which the Project Sponsor could otherwise have used tax-exempt financing.

Not Applicable

20. If the Project received points for having large family units for the entire term of the income and rental restrictions, the Project will have at least 0 three-bedroom or larger units.

Not Applicable

21. For a period of fifteen (15) years after the Project is placed in use, the Project will provide to Project residents high-speed Internet or wireless (WiFi) service in each Project unit.

Applicable

22. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents an after school program of an ongoing nature on-site, or there must be an after school program available to Project residents within 1/2 mile of the Project except where the Project will provide no cost round trip transportation. The program shall include, but is not limited to: tutoring, mentoring, homework club, art, and recreation activities to be provided weekdays throughout the school year for at least ten (10) hours per week.

Not Applicable

23. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents instructor-led educational, health and wellness, or skill building classes. The classes shall include, but are not limited to: financial literacy, computer training, home-buyer education, GED, resume building, ESL, nutrition, exercise, health information/awareness, art, parenting, on-site food cultivation & preparation, and smoking cessation. Classes shall be provided at a minimum of 84 hours per year (drop-in computer labs, monitoring and technical assistance shall not qualify) and be located within 1/2 mile of the Project or except where Project will provide no cost round trip transportation.

Not Applicable

24. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents 20 hours or more per week of licensed childcare on-site or there must be 20 hours or more per week of licensed childcare available to Project residents within 1/2 mile of the Project except where Project will provide no cost round trip transportation.

Not Applicable

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Exhibit A

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25. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents health and wellness services and programs within 1/2 mile of the Project or except where the Project will provide no cost round trip transportation. Such services and programs shall provide individualized support for tenants (not group classes) but need to be provided by licensed individuals or organizations. The services shall include, but are not limited to: visiting nurses programs, intergenerational visiting programs and senior companion programs. Services shall be provided for a minimum of 100 hours per year.

Applicable

26. For a period of fifteen (15) years after the Project is placed in use, the Project will offer to Project residents a bona fide service coordinator. The responsibilities must include, but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants with access services through referral and advocacy, and (c) organizing community-building and/or enrichment activities for tenants (such as holiday events, tenant council, etc.).

Applicable

Minimum full-time equivalent hours per year:

661

27. Minimum sustainable specifications will be incorporated into the project design per Section 5205 of the CDLAC Regulations.

Applicable

Section Waived:

- Energy Efficiency
- Landscaping
- Roofs
- Exterior Doors
- Appliances (ENERGY STAR)
- Window Coverings
- Water Heater
- Floor Coverings
- Insulation (Greengard Emission Criteria)

28. The Project commits to becoming certified under any one of the following programs upon completion:

- a. Leadership in Energy & Environmental Design (LEED for Homes) **Not Applicable**
- b. Green Communities **Not Applicable**
- c. Passive House Institute US (PHIUS) **Not Applicable**
- d. Passive House **Not Applicable**
- e. Living Building Challenge **Not Applicable**
- f. National Green Building Standard ICC / ASRAE – 700 silver or higher rating **Not Applicable**
- g. Green Point Rated Multifamily Guidelines **Applicable**
- h. WELL **Not Applicable**

29. The Project is a New Construction or Adaptive Reuse Project that commits to Energy Efficiency (including heating, cooling, fan energy, and water heating but not the following end uses: lighting, plug load, appliances, or process energy) beyond the requirements in Title 24, Part 6 of California Building Code (Percentage Better than the 2016 Standards):

- a. 7% **Not Applicable**
- b. 12% **Not Applicable**

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Exhibit A

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30. The Project is a New construction or Adaptive Reuse Project that commits to Energy Efficiency. The local building department has determined that building permit applications submitted on or before December 31, 2016 are complete and energy efficiency beyond the requirements in the 2013 Title 24, Part 6, of the California Building Code (the 2013 Standards) for the project as a whole shall be awarded.
- a. 9% **Not Applicable**
 - b. 15% **Not Applicable**
31. The Project is a New Construction or Adaptive Reuse Project that commits to Energy Efficiency with renewable energy that provides the following percentages of project tenants' energy loads (Offset of Tenants' Load):
- a. 20% **Not Applicable**
 - b. 30% **Not Applicable**
 - c. 40% **Not Applicable**
32. The Project is a Home Energy Rating System (HERS II) Rehabilitation Project that commits to improve energy efficiency above the current modeled energy consumption of the project as a whole by:
- a. 15% **Applicable**
 - b. 20% **Not Applicable**
33. The Project is a Rehabilitation Project that commits to developing, and/or managing the Project with the following Photovoltaic generation or solar energy:
- a. Photovoltaic generation that offsets tenants loads **Not Applicable**
 - b. Photovoltaic generation that offsets 50% of common area load **Not Applicable**
 - c. Solar hot water for all tenants who have individual water meters **Not Applicable**
34. The Project is a Rehabilitation Project and will implement sustainable building management practices that include:
1) development of a project-specific maintenance manual including replacement specifications and operating information on all energy and green building features; and 2) undertaking formal building systems commissioning, retro-commissioning or re-commissioning as appropriate (continuous commissioning is not required).
Applicable
35. The Project is a Rehabilitation project that individually meters or sub-meters currently master-metered gas, electricity or central hot water systems for all tenants.
Not Applicable
36. The project will commit to use no irrigation at all, irrigate only with reclaimed water, greywater, or rainwater (excepting water used for Community Gardens) or irrigate with reclaimed water, greywater or rainwater in an amount that annually equals 10,000 gallons or 150 gallons per unit whichever is less.
Applicable
37. The Project will commit to having at least one (1) nonsmoking building. If the Project only has one (1) building, it will be subject to a policy developed by the Sponsor that prohibits smoking in contiguous designated units. These restrictions will be incorporated into the lease agreements for the appropriate units.
Not Applicable
38. The Project will commit to having a parking ratio equivalent to or less than one (1) parking stall per single room occupancy or one-bedroom restricted rental unit and 1.5 parking stalls per two-bedroom or larger restricted rental unit.
Applicable

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Exhibit A

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39. As specified in Section 5144(b) of the Committee's Regulations, sponsors will be required to utilize TCAC's Compliance Manual specifically Section VI: Qualify Tenants for Low Income Housing Tax Credit Units, to verify tenant income in conjunction with initial occupancy. No less than every three (3) years after the project is completed, the Sponsor must collect and retain the following income and verification documentation related to all the Federally Bond-Restricted units identified in the Committee Resolution: TCAC Tax Income Calculation (TIC) or equivalent documentation, all associated source income documentation, evidence of the verifying income computation and unit lease.

Applicable

40. As specified in Section 5144(c) of the Committee's Regulations, compliance with the income and rental requirements of the Federally Bond-Restricted Units identified in the Committee Resolution and the Bond Regulatory Agreement must be demonstrated by the Applicants initial review of 20% of all management files associated with the Federally Bond-Restricted units and subsequent review every three (3) years of 20% of all management files associated with the Federally Bond-Restricted units.

Applicable

41. As specified in Section 5144(d) of the Committee's Regulations, applicants are required to ensure an onsite inspection as well as an on-site review of the 20% Federally Bond-Restricted units is performed every three (3) years after the Qualified Project Period has commenced.

The following entity will conduct the site and file inspections:

Not Applicable

STATE OF CALIFORNIA
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
ACCOUNTING SERVICES
915 Capitol Mall, Room 311
Sacramento, CA 95814
(916) 653-3255

FILING FEE INVOICE

PAYMENT IS DUE WITHIN 30 DAYS OF BOND CLOSING

Date: December 9, 2020

Invoice No.: FY 20-093

Application No.: 20-660

Analyst Initials: IC

To: Eric D Shaw
Director
City and County of San Francisco
1 South Van Ness Avenue 5th Floor
San Francisco, CA 94103

2nd Installment of fee levied pursuant to Section 8869.90 of the California Government Code:

NAME OF ISSUER: City and County of San Francisco

NAME OF PROJECT: Ambassador Ritz Four Percent, L.P.

ALLOCATION AWARD DATE: December 9, 2020

ALLOCATION AWARD AMOUNT: \$56,039,857

AMOUNT DUE:

| | | |
|------------------------------|---|---------------------|
| Allocation award x .00035 | = | \$ 19,613.95 |
| Less initial application fee | = | <u>-\$ 1,200.00</u> |
| Amount Due | = | \$ 18,413.95 |

Issuer or Bond Trustee to complete the following (please use ink):

BOND ISSUANCE DATE:

PRINCIPAL AMOUNT OF BOND ISSUE: \$

AMOUNT OF BOND ALLOCATION USED: \$

The application fee is based on the amount of allocation used to issue bonds. Please complete the following only if the amount of allocation used is less than the amount of allocation awarded, and remit the revised amount due.

REVISED AMOUNT DUE:

| | | |
|------------------------------|---|---------------------|
| Amount issued x .00035 | = | \$ |
| Less initial application fee | = | <u>-\$ 1,200.00</u> |
| Revised Amount Due | = | \$ |

**PLEASE WRITE APPLICATION NUMBER ON YOUR CHECK, OR
RETURN A COPY OF THIS INVOICE WITH YOUR PAYMENT.**

Visit the City's new website, [SF.gov](https://sf.gov) (<https://sf.gov>)

Information from SFMOHCD.org

[Home](#) > [Vision & Impact](#) > [Plans & Progress Reports](#) > [Notices](#)


Notices



General Notices

- 
[November 24, 2020 - Notice of Public Hearing - Multiple Projects TEFRA Hearing on December 7, 2020](#)
[\[/sites/default/files/TEFRA%20Ad%20-%20Phone%20%28Multiple%20Projects%29%2011-24-20_FINAL_0.pdf\]](#)
- 
[September 2, - Notice of Public Hearing - Dorothy Day Apartments \(54 McAllister Street\) - TEFRA Hearing on September 16, 2020](#)
[\[/sites/default/files/Documents/Public%20Notices/May%202%2C%202020%20-%20Notice%20of%20Public%20Hearing%20-%20Dorothy%20Day%20Apartment%20%2854%20McAllister%20Street%29%20-%20TEFRA%20Hearing%20on%20September%2016%2C%202020.pdf\]](#)
- 
[June 5, 2020 - Notice of Public Hearing - Throughline Apartments \(777 Broadway, 1204 Mason, & 1525-1529 Grant\) TEFRA Hearing on June 17, 2020](#)
[\[/sites/default/files/June%205%2C%202020%20-%20Notice%20of%20Public%20Hearing%20-%20Throughline%20Apartments%20%28777%20Broadway%2C%201204%20Mason%2C%20%26%201525-1529%20Grant%29_1.pdf\]](#)
- 
[May 19, 2020 - Notice of Public Hearing - Multiple Projects TEFRA Hearing on May 27, 2020](#)
[\[/sites/default/files/May%2019%2C%202020%20-%20Notice%20of%20Public%20Hearing%20-%20Multiple%20Projects%20TEFRA%20Hearing%20on%20May%2027%2C%202020.pdf\]](#)
- 
[May 13, 2020 - Notice of Public Hearing: The Avery \(250 Fremont St\) TEFRA Hearing on May 20, 2020](#)
[\[/sites/default/files/May%2013%2C%202020%20-%20Notice%20of%20Public%20Hearing%20-%20250%20Fremont%20St%20%28The%20Avery%29%20TEFRA%20Hearing%20on%20May%2020%2C%202020_0.pdf\]](#)
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[May 8, 2020 - Notice of Public Hearing: 1601 Mariposa St TEFRA Hearing on May 15, 2020](#)
[\[/sites/default/files/May%208%2C%202020%20-%20Notice%20of%20Public%20Hearing%201601%20Mariposa%20TEFRA%20Hearing%20on%20May%2015%2C%202020.pdf\]](#)
- 
[May 5, 2020 - Notice of Public Hearing: Balboa Park Upper Yard \(2340 San Jose Ave\) TEFRA Hearing on May 12, 2020](#)
[\[/sites/default/files/May%205%2C%202020%20-%20Notice%20of%20Public%20Hearing%20-%20Balboa%20Park%20Upper%20Yard%20%282340%20San%20Jose%20Ave%29%20TEFRA%20Hearing%20on%20May%2012%2C%202020_1.pdf\]](#)
- 
[May 4, 2020- Notice of Public Hearing: Yosemite-Folsom Dore Scattered Sites \(480 Eddy St-75 Dore St\) TEFRA Hearing on May 11, 2020](#)
[\[file/64512\]](#)
- 
[May 4, 2020- Notice of Public Hearing: Ambassador-Ritz Scattered Sites \(55 Mason St-216 Eddy St\) TEFRA Hearing on May 11, 2020](#)
[\[file/64511\]](#)
- 
[February 5, 2020: Notice of Public Meeting Regarding Mayor's Office and MOHCD's Proposed Budget](#)
[\[/sites/default/files/Documents/Public%20Notices/Public%20Notice%20of%20Public%20Meeting%20Regarding%20Mayor%27s%20Office%20Budget-final.pdf\]](#)

 [Draft Proposed Budget](#)

[\[/sites/default/files/Documents/Public%20Notices/Mayor%20Admin%20MOHCD%20Public%20Budget%20Meeting_02.07.20.pdf\]](#)

-  [January 16, 2020 - Notice of Public Hearing: South Park Scattered Sites \(22-102-106 South Park Street\) TEFRA Hearing on January 31, 2020](#) [\[/sites/default/files/January%2016%2C%202020-%20Notice%20of%20Public%20Hearing-%20Park%20Scattered%20Sites%20%2822-10-106%20S%20Park%20St%29-%20TEFRA%20Hearing%20on%20January%2031%2C%202020.pdf\]](#)
-  [December 23, 2019 - Notice of Public Hearing: Ambassador Hotel \(55 Mason Street\) TEFRA Hearing on January 6, 2020](#) [\[/sites/default/files/December%2023%2C%202019%20-%20Notice%20of%20Public%20Hearing%20Ambassador%20Hotel%20%2855%20Mason%20Street%29%20TEFRA%20Hearing%20on%20January%2006%2C%202020.pdf\]](#)
-  [November 21, 2019 - Notice of Public Hearing: Fillmore Marketplace \(1223 Webster\) TEFRA Hearing on December 2, 2019](#) [\[/sites/default/files/November%2021%2C%202019%20-%20Notice%20of%20Public%20Hearing%20Fillmore%20Marketplace.pdf\]](#)
-  [November 8, 2019 - Notice of Public Hearing: Visitacion Valley Parcel 1 \(2201 Bayshore Boulevard\) TEFRA Hearing on November 15, 2019](#) [\[/sites/default/files/November%2008%2C%202019%20-%20Notice%20of%20Public%20Hearing%20Visitacion%20Valley%20Parcel%201.pdf\]](#)
-  [November 8, 2019 - Notice of Public Hearing: Visitacion Valley Parcel 3A \(2201 Bayshore Boulevard\) TEFRA Hearing on November 15, 2019](#) [\[/sites/default/files/November%2008%2C%202019%20-%20Notice%20of%20Public%20Hearing%20Visitacion%20Valley%20Parcel%203A.pdf\]](#)
-  [November 1, 2019 - Notice of Public Hearing: 53 Colton Street TEFRA Hearing on November 8, 2019](#) [\[/sites/default/files/November%2001%2C%202019%20-%20Notice%20of%20Public%20Hearing%2053%20Colton%20Street%20TEFRA%20Hearing%20on%20November%2008%2C%202019_0.pdf\]](#)
-  [October 21, 2019 - Notice of Public Hearing: 711 Eddy Street TEFRA Hearing, rescheduled for October 28, 2019](#) [\[/sites/default/files/October%2021%2C%202019%20-%20Notice%20of%20Public%20Hearing%20711%20Eddy%20Street%20TEFRA%20Hearing%2C%20rescheduled%20for%20October%2028%2C%202019.pdf\]](#)
-  [October 15, 2019 - Notice of Public Hearing: 681 Florida TEFRA Hearing on October 29, 2019](#) [\[/sites/default/files/October%2015%2C%202019%20-%20Notice%20of%20Public%20Hearing%20681%20Florida%20TEFRA%20Hearing%20on%20October%2029%2C%202019.pdf\]](#)
-  [September 3, 2019 - Notice of Public Hearing: 410 China Basin Street TEFRA Hearing on September 17, 2019](#) [\[/sites/default/files/September%2003%2C%202019%20-%20Notice%20of%20Public%20Hearing%20410%20China%20Basin%20Street%20TEFRA%20Hearing%20on%20September%2017%2C%202019.pdf\]](#)
-  [August 13, 2019 - Notice of Public Hearing: FD Haynes Apartments \(1019 – 1089 Golden Gate Avenue, 949 – 959 Laguna Street, 900 – 940 McAllister Street, 1010 – 1030 Buchanan Street\) TEFRA Hearing on August 21, 2019](#) [\[/sites/default/files/August%2013%2C%202019%20-%20Notice%20of%20Public%20Hearing%20FD%20Haynes%20Apartments%20%281019%20%2E%28%20%293%201089%20Golden%20Gate%20Avenue%2C%20949%20%2E%28%20%293%20959%20Laguna%20Street%2C%20900%20%2E%28%20%293%20940%20McAllister%20Street%2C%201010%20%2E%28%20%293%201030%20Buchanan%20Street%29%20TEFRA%20Hearing%20on%20August%2021%2C%202019.pdf\]](#)
-  [July 2, 2019 - Notice of Public Hearing: Yosemite Apartments \(480 Eddy Street\) TEFRA Hearing on July 11, 2019](#) [\[/sites/default/files/Notice%20of%20Public%20Hearing-Posted%20July%202%202019-%20Yosemite%20Apartments-480%20Eddy%20Street%20TEFRA%20Hearing%20on%20July%2011%202019.pdf\]](#)
- [June 27, 2019 - MOHCD Releases Community Opportunity to Purchase Act \(COPA\) Qualified Nonprofit Application](#) [\[current-sf-homeowners\]](#).
-  [June 27, 2019 - Notice of Public Hearing: Bernal Gateway \(3101 Mission Street, 141 Precita Avenue, and 143 Precita Avenue\) TEFRA Hearing on July 8, 2019](#) [\[/sites/default/files/Notice%20of%20Public%20Hearing%20%28Posted%20June%2027%2C%202019%29%20%2E%28%20%293%20Bernal%20Gateway%20%283101%20Mission%20Street%2C%20141%20Precita%20Avenue%2C%20and%20143%20Precita%20Avenue%29%20TEFRA%20Hearing%20on%20July%2008%2C%202019.pdf\]](#)

-  [June 17, 2019 - Notice of Public Hearing: Maceo May \(401 Palms Ave\) TEFRA Hearing on June 26, 2019](#)
[sites/default/files/Documents/MOH/Announcements/TEFRA%20Ad_Maceo%20May%20for%20posting%206%2017%2019_0.pdf]
-  [June 13, 2019 - Affordable Housing Bond Report](#) [sites/default/files/2019_GeneralObligationHousingReport-FINAL061919.pdf]
-  [May 21, 2019 - Notice of Public Hearing: 500-520 Turk and 555 Larkin Street TEFRA Hearing](#)
[sites/default/files/TEFRA%20Ad_500%20Turk%20-%2019-0520%20final.pdf]
-  [May 21, 2019 - Notice of Public Hearing: 1064-1068 Mission Street TEFRA Hearing](#)
[sites/default/files/TEFRA%20Ad_1064%20Mission%20Final%2005%2017%2019.pdf]
- [April 1, 2019 - Affordable Housing Bond Working Group Public Meeting Notice](#) [article/affordable-housing-bond-working-group-public-meeting-notice]

Community Development Meeting Agendas & Minutes

- [Citizen's Committee on Community Development](#) [meetings/11]
- [SoMa Fund Community Advisory Committee](#) [soma-fund-meeting-information]

[Archived meetings \(pre-2015\)](#) » [archived-meetings]

[Environmental Reviews](#) [environmental-reviews]

MOHCD performs environmental reviews for all public buildings in San Francisco.

[Relocation Appeals Board](#) [relocation-appeals-board]

San Francisco may occasionally displace residents and businesses when building new developments. The City will offer a relocation package to those residents and businesses. If you are dissatisfied with the relocation package, you can contact the Relocation Appeals Board.

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on Monday, December 7th, 2020 at 9:00 a.m., by telephone at (888)808-6929, access code: 9193841, the City and County of San Francisco (the "City") will conduct a public hearing (the "Public Hearing") at which time the City will hear and consider information concerning the proposed sale and issuance by the City of one or more multifamily affordable housing mortgage revenue bond issues (collectively, the "Bonds") in the respective maximum aggregate principal amounts set forth in the table below. The Bonds of each issue will be part of a plan of finance issued in one or more series from time to time, including bonds issued to refund such bonds in one or more series from time to time outstanding, and at no time to exceed in outstanding principal amount the maximum principal amount for such issue. The proceeds of each such issue of the Bonds will be loaned to the respective borrower/owner entity set forth in the table below (or an affiliate thereof or successor thereto) (each, a "Borrower"), or another entity to be formed by its general partner, which is expected to be as set forth in the table below, pursuant to a loan agreement (each, a "Loan Agreement") between the City and the applicable Borrower. The proceeds of each issue of the Bonds will be used by the applicable Borrower to finance the acquisition and rehabilitation, or the new construction, of the respective residential rental housing facility described in the table below. Each Project is or will be located in San Francisco, California at the address set forth in the table below (each, a "Project"). Each Project is or will be owned and operated by the Borrower set forth in the table below.

| <u>Max. Amount</u> | <u>Borrower/Owner</u> | <u>General Partner</u> | <u>Type of Project</u> | <u>No. of Units</u> | <u>Street Addresses</u> |
|--------------------|--------------------------------------|--|------------------------|---------------------|--|
| \$50,000,000 | 180 Jones Associates, L.P. | Tenderloin Neighborhood Development Corporation | New Construction | 70 | 180 Jones Street, San Francisco, CA 94102 |
| \$40,000,000 | Octavia RSU Associates, L.P. | Tenderloin Neighborhood Development Corporation | New Construction | 63 | 78 Haight Street, San Francisco, CA 94102 |
| \$40,000,000 | 266 4 th Associates, L.P. | Tenderloin Neighborhood Development Corporation | New Construction | 70 | 266 4th Street, San Francisco, CA 94107 |
| \$75,000,000 | HV Partners 3, L.P. | Ridgepoint Non-Profit Housing Corporation, The John Stewart Company, Devine & Gong | New Construction | 118 | 1151 Fairfax Avenue, San Francisco, CA 94124 112 Middle Point Road, San Francisco, CA 94124 |
| \$71,660,000 | Potrero Housing Associates II, L.P. | Bridge Housing | New Construction | 157 | 1801 25 th Street, San Francisco, CA 94107 |

| | | | | | |
|---|--|---|-------------------------------|----------------|---|
| \$90,000,000 | Mercy Housing California 97, L.P. | Mercy Housing California | New Construction | 208 | 600 7th Street, San Francisco, CA 94103 |
| \$16,500,000 | Knox Partners 2 LP | Knox SRO LLC | Acquisition/Rehab | 140 | 241 6th Street San Francisco, CA 94107 |
| 45 & 55 Mason Street \$37,700,000 216 Eddy Street \$33,300,000 Total: \$71,000,000 | Ambassador Ritz Four Percent, L.P. | Tenderloin Neighborhood Development Corporation | Acquisition/Rehab | 98 89 | 45 & 55 Mason Street, San Francisco, California, 94102 216 Eddy Street, San Francisco, CA, 94102 |
| 480 Eddy Street \$28,458,000 75 Dore Street \$31,542,000 Total: \$60,000,000 | Yosemite Folsom Dore, L.P. | Tenderloin Neighborhood Development Corporation | Acquisition/Rehab | 32 98 | 480 Eddy Street, San Francisco, California, 94109 75 Dore Street, San Francisco, CA, 94103 |
| 777 Broadway \$12,500,000 1204 Mason Street \$15,600,000 1525-1529 Grant Avenue \$11,900,000 Total: \$40,000,000 | Throughline, L.P. | Chinatown Community Development Center | Acquisition/Rehab | 31 24 33 | 777 Broadway, San Francisco, CA 94133 1204 Mason Street, San Francisco, CA 94133 1525-1529 Grant Avenue San Francisco, CA 94133 |
| \$171,880,000 | T8 Urban Housing Associates, LLC and T8 Urban Housing Associates BMR, L.P. | Related California | Refinance of New Construction | 350 | 420-450 Folsom Street, San Francisco, CA 94105 |

Each issue of the Bonds will be paid entirely by the applicable Borrower from the revenues of the applicable Project, in accordance with the applicable Loan Agreement. Neither the full faith and credit nor the taxing power of the City, the State of California (the "State") or any other political corporation, subdivision or agency of the State is pledged to the payment of the principal, premium, if any, or interest on any of the Bonds, nor shall the City, the State or any other political corporation, subdivision or agency of the State be liable or obligated to pay the principal, premium, if any, or interest on any of the Bonds.

The Public Hearing is intended to comply with the public approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended.

All those interested in matters related to the issuance of any of the Bonds and to the financing of any of the Projects are invited to attend and be heard at this hearing by telephone only. Interested

parties may call into the hearing at the time and number indicated above or submit written comments, which must be received prior to the Public Hearing, to the City, c/o Joyce Slen, Mayor's Office of Housing and Community Development, 1 South Van Ness Avenue, 5th Floor, San Francisco, CA 94103.

Date: November 24, 2020

CITY AND COUNTY OF SAN FRANCISCO
Eric D. Shaw, Director
Mayor's Office of Housing and Community
Development

CITY AND COUNTY OF SAN FRANCISCO

Public Hearing as required by Section 147(f) of the Internal Revenue Code of 1986

Multiple Projects

Date: December 7, 2020

Time: 9:00 AM

Location: Telephone (USA Toll Free: +18888086929, access code: 9193841#)

Present: See Exhibit A - Sign-In Sheet

The hearing was held to obtain public comment on the proposed issuance by the City and County of San Francisco of one or more multifamily affordable housing mortgage revenue bond issues (collectively, the "Bonds") in the respective maximum aggregate principal amounts set forth in the table below. The proceeds of each such issue of the Bonds will be loaned to the respective borrower/owner entity set forth in the table below (or an affiliate thereof or successor thereto) (each, a "Borrower"), or another entity to be formed by its general partner, which is expected to be as set forth in the table below, pursuant to a loan agreement (each, a "Loan Agreement") between the City and the applicable Borrower. Each Project is or will be owned and operated by the Borrower set forth in the table below.

| <u>Max. Amount</u> | <u>Borrower/Owner</u> | <u>General Partner</u> | <u>Type of Project</u> | <u>No. of Units</u> | <u>Street Addresses</u> |
|--------------------|--------------------------------------|--|------------------------|---------------------|--|
| \$50,000,000 | 180 Jones Associates, L.P. | Tenderloin Neighborhood Development Corporation | New Construction | 70 | 180 Jones Street, San Francisco, CA 94102 |
| \$40,000,000 | Octavia RSU Associates, L.P. | Tenderloin Neighborhood Development Corporation | New Construction | 63 | 78 Haight Street, San Francisco, CA 94102 |
| \$40,000,000 | 266 4 th Associates, L.P. | Tenderloin Neighborhood Development Corporation | New Construction | 70 | 266 4th Street, San Francisco, CA 94107 |
| \$75,000,000 | HV Partners 3, L.P. | Ridgepoint Non-Profit Housing Corporation, The John Stewart Company, Devine & Gong | New Construction | 118 | 1151 Fairfax Avenue, San Francisco, CA 94124 112 Middle Point Road, San Francisco, CA 94124 |

| | | | | | |
|--|--|---|-------------------------------|----------------|---|
| \$71,660,000 | Potrero Housing Associates II, L.P. | Bridge Housing | New Construction | 157 | 1801 25 th Street, San Francisco, CA 94107 |
| \$90,000,000 | Mercy Housing California 97, L.P. | Mercy Housing California | New Construction | 208 | 600 7th Street, San Francisco, CA 94103 |
| \$16,500,000 | Knox Partners 2 LP | Knox SRO LLC | Acquisition/Rehab | 140 | 241 6th Street San Francisco, CA 94107 |
| 45 & 55 Mason Street \$37,700,000 216 Eddy Street \$33,300,000 Total: \$71,000,000 | Ambassador Ritz Four Percent, L.P. | Tenderloin Neighborhood Development Corporation | Acquisition/Rehab | 98 89 | 45 & 55 Mason Street, San Francisco, California, 94102 216 Eddy Street, San Francisco, CA, 94102 |
| 480 Eddy Street \$28,458,000 75 Dore Street \$31,542,000 Total: \$60,000,000 | Yosemite Folsom Dore, L.P. | Tenderloin Neighborhood Development Corporation | Acquisition/Rehab | 32 98 | 480 Eddy Street, San Francisco, California, 94109 75 Dore Street, San Francisco, CA, 94103 |
| 777 Broadway \$12,500,000 1204 Mason Street \$15,600,000 1525-1529 Grant Avenue \$11,900,000 Total: \$40,000,000 | Throughline, L.P. | Chinatown Community Development Center | Acquisition/Rehab | 31 24 33 | 777 Broadway, San Francisco, CA 94133 1204 Mason Street, San Francisco, CA 94133 1525-1529 Grant Avenue San Francisco, CA 94133 |
| \$171,880,000 | T8 Urban Housing Associates, LLC and T8 Urban Housing Associates BMR, L.P. | Related California | Refinance of New Construction | 350 | 420-450 Folsom Street, San Francisco, CA 94105 |

The public hearing convened at 9:00 AM. There were no written comments received on the proposed issuance. Except for the representatives from the Mayor’s Office of Housing and Community Development and the project sponsors in Exhibit A - Sign-In Sheet.

There was one person from the public present wishing to comment on the proposed issuance on the Knox SRO Hotel project located at 241 6th Street, San Francisco, CA 94107. The person was a resident named Maurice from the Knox SRO Hotel. Maurice voiced his concerns on the pest control issue in the building’s trash room. TODCO representative and project sponsor of the Knox SRO Hotel project, Hector Burgos requested Maurice’s contact information so the building’s Property Manager could

contact him directly about his property management concern. Maurice was appreciative of Hector's response and left the call at 9:15 AM.

The hearing was adjourned at 9:30 AM.

Minutes prepared by: 
Joyce Slen

Date: December 7, 2020

Exhibit A

| Multiple Projects | | | |
|---|---|--------------|--|
| TEFRA Hearing | | | |
| SIGN-IN SHEET | | | |
| Monday, December 7, 2020 - 9:00 am | | | |
| Name | Organization | Phone # | e-mail address |
| Lex Gelb | Tenderloin Neighborhood Development Corporation | | lgelb@tndc.org |
| Honey Zaw | Tenderloin Neighborhood Development Corporation | | hzaw@tndc.org |
| Hemandeep Kaur | The John Stewart Company | | hkaur@tndc.org |
| Andrew Buhrmann | Devine and Gong | | andrewb@devinegong.com |
| Julie Mendel | The John Stewart Company | | jmendel@jsco.net |
| Kion Sawney | Mercy Housing California | | Kion.Sawney@mercyhousing.org |
| Hector Burgos | TODCO | | hector@todco.org |
| Adrian Napolitano | Tenderloin Neighborhood Development Corporation | | anapolitano@tndc.org |
| Nicole Guzman | Tenderloin Neighborhood Development Corporation | | nguzman@tndc.org |
| Tim Ponti | Tenderloin Neighborhood Development Corporation | | tponti@tndc.org |
| Bo Han | Chinatown Community Development Center | | Bo.Han@chinatowncdc.org |
| Christina Mirani | Chinatown Community Development Center | | christina.mirani@chinatowncdc.org |
| Jonathan Shum | Related California | | jonathan.shum@related.com |
| Cindy Heavens | MOHCD | | cindy.heavens@sfgov.org |
| Jonathan Gagen | MOHCD | | jonathan.gagen@sfgov.org |
| Viviana Lopez | MOHCD | | viviana.lopez@sfgov.org |
| Anne Romero | MOHCD | | anne.romero@sfgov.org |
| Joyce Slen | MOHCD | | joyce.slen@sfgov.org |
| Maurice | Knox SRO Hotel resident | 510-585-1463 | |

CERTIFICATE OF TEFRA PUBLICATION

This Certificate of Publication is executed this day for the purposes of demonstrating compliance with Section 147(f) of the Internal Revenue Code of 1986, as Amended (the "Code") and applicable Treasury Regulations (the "Regulations"). The undersigned, as a duly qualified and appointed representative of the **City and County of San Francisco** (the "Issuer"), hereby certifies as follows:

1. A Notice of Public Hearing, attached as Exhibit A, with respect to the issuance of tax-exempt bonds/obligations (the "Bonds") of the Issuer for the benefit of the project described therein (the "Project") was published on the Issuer's primary website address of <https://sfmohcd.org/notices-0> on **November 24, 2020**.

2. The Notice of Public Hearing was posted in an area of the Issuer's website that is used to inform its residents about events affecting the residents and which is clearly identified and accessible to members of the general public seeking information concerning the issuance of the Bonds and the Project.

3. Evidence of the website publication of the Notice of Public Hearing is attached hereto as Exhibit B. This Issuer will maintain records showing that the Notice of Public Hearing containing the requisite information was timely posted on the Issuer's website.

4. The Notice of Hearing remained published on the Issuer's website for a period of thirteen (13) consecutive days and the Issuer held the hearing as described in the Notice of Public Hearing on **Monday, December 7, 2020 at 9:00AM**.

5. Following the hearing, the Issuer submitted the request for approval of the Issuance of the Bonds and Project to the applicable elected representative of the Issuer as required by Section 147(f) of the Code and the Regulations.

Dated: **Monday, December 7, 2020 at 4:00PM**

CITY AND COUNTY OF SAN
FRANCISCO


By: 
Name: Joyce Slen
Title: Bond Program Manager
Mayor's Office of Housing and Community
Development

EXHIBIT A

NOTICE OF PUBLIC HEARING

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on Monday, December 7th, 2020 at 9:00 a.m., by telephone at (888)808-6929, access code: 9193841, the City and County of San Francisco (the "City") will conduct a public hearing (the "Public Hearing") at which time the City will hear and consider information concerning the proposed sale and issuance by the City of one or more multifamily affordable housing mortgage revenue bond issues (collectively, the "Bonds") in the respective maximum aggregate principal amounts set forth in the table below. The Bonds of each issue will be part of a plan of finance issued in one or more series from time to time, including bonds issued to refund such bonds in one or more series from time to time outstanding, and at no time to exceed in outstanding principal amount the maximum principal amount for such issue. The proceeds of each such issue of the Bonds will be loaned to the respective borrower/owner entity set forth in the table below (or an affiliate thereof or successor thereto) (each, a "Borrower"), or another entity to be formed by its general partner, which is expected to be as set forth in the table below, pursuant to a loan agreement (each, a "Loan Agreement") between the City and the applicable Borrower. The proceeds of each issue of the Bonds will be used by the applicable Borrower to finance the acquisition and rehabilitation, or the new construction, of the respective residential rental housing facility described in the table below. Each Project is or will be located in San Francisco, California at the address set forth in the table below (each, a "Project"). Each Project is or will be owned and operated by the Borrower set forth in the table below.

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| \$40,000,000 | Octavia RSU Associates, L.P. | Tenderloin Neighborhood Development Corporation | New Construction | 63 | 78 Haight Street, San Francisco, CA 94102 |
| \$40,000,000 | 266 4 th Associates, L.P. | Tenderloin Neighborhood Development Corporation | New Construction | 70 | 266 4th Street, San Francisco, CA 94107 |
| \$75,000,000 | HV Partners 3, L.P. | Ridgepoint Non-Profit Housing Corporation, The John Stewart Company, Devine & Gong | New Construction | 118 | 1151 Fairfax Avenue, San Francisco, CA 94124 112 Middle Point Road, San Francisco, CA 94124 |

| | | | | | |
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| \$71,660,000 | Potrero Housing Associates II, L.P. | Bridge Housing | New Construction | 157 | 1801 25 th Street, San Francisco, CA 94107 |
| \$90,000,000 | Mercy Housing California 97, L.P. | Mercy Housing California | New Construction | 208 | 600 7th Street, San Francisco, CA 94103 |
| \$16,500,000 | Knox Partners 2 LP | Knox SRO LLC | Acquisition/Rehab | 140 | 241 6th Street San Francisco, CA 94107 |
| 45 & 55 Mason Street \$37,700,000 216 Eddy Street \$33,300,000 Total: \$71,000,000 | Ambassador Ritz Four Percent, L.P. | Tenderloin Neighborhood Development Corporation | Acquisition/Rehab | 98 89 | 45 & 55 Mason Street, San Francisco, California, 94102 216 Eddy Street, San Francisco, CA, 94102 |
| 480 Eddy Street \$28,458,000 75 Dore Street \$31,542,000 Total: \$60,000,000 | Yosemite Folsom Dore, L.P. | Tenderloin Neighborhood Development Corporation | Acquisition/Rehab | 32 98 | 480 Eddy Street, San Francisco, California, 94109 75 Dore Street, San Francisco, CA, 94103 |
| 777 Broadway \$12,500,000 1204 Mason Street \$15,600,000 1525-1529 Grant Avenue \$11,900,000 Total: \$40,000,000 | Throughline, L.P. | Chinatown Community Development Center | Acquisition/Rehab | 31 24 33 | 777 Broadway, San Francisco, CA 94133 1204 Mason Street, San Francisco, CA 94133 1525-1529 Grant Avenue San Francisco, CA 94133 |
| \$171,880,000 | T8 Urban Housing Associates, LLC and T8 Urban Housing Associates BMR, L.P. | Related California | Refinance of New Construction | 350 | 420-450 Folsom Street, San Francisco, CA 94105 |

Each issue of the Bonds will be paid entirely by the applicable Borrower from the revenues of the applicable Project, in accordance with the applicable Loan Agreement. Neither the full faith and credit nor the taxing power of the City, the State of California (the "State") or any other political corporation, subdivision or agency of the State is pledged to the payment of the principal, premium, if any, or interest on any of the Bonds, nor shall the City, the State or any other political corporation, subdivision or agency of the State be liable or obligated to pay the principal, premium, if any, or interest on any of the Bonds.

The Public Hearing is intended to comply with the public approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended.

All those interested in matters related to the issuance of any of the Bonds and to the financing of any of the Projects are invited to attend and be heard at this hearing by telephone only. Interested parties may call into the hearing at the time and number indicated above or submit written comments, which must be received prior to the Public Hearing, to the City, c/o Joyce Slen, Mayor's Office of Housing and Community Development, 1 South Van Ness Avenue, 5th Floor, San Francisco, CA 94103.

Date: November 24, 2020

CITY AND COUNTY OF SAN FRANCISCO
Eric D. Shaw, Director
Mayor's Office of Housing and Community
Development

EXHIBIT B
EVIDENCE OF PUBLICATION

Visit the City's new website, [SF.gov](https://sf.gov) (<https://sf.gov>)

Information from SFMOHCD.org

[Home](#) > [Vision & Impact](#) > [Plans & Progress Reports](#) > [Notices](#)


Notices





General Notices

- 
[November 24, 2020 - Notice of Public Hearing - Multiple Projects TEFRA Hearing on December 7, 2020](#)
[\[/sites/default/files/TEFRA%20Ad%20-%20Phone%20%28Multiple%20Projects%29%2011-24-20_FINAL_0.pdf\]](#)
- 
[September 2, - Notice of Public Hearing - Dorothy Day Apartments \(54 McAllister Street\) - TEFRA Hearing on September 16, 2020](#)
[\[/sites/default/files/Documents/Public%20Notices/May%202%2C%202020%20-%20Notice%20of%20Public%20Hearing%20-%20Dorothy%20Day%20Apartment%20%2854%20McAllister%20Street%29%20-%20TEFRA%20Hearing%20on%20September%2016%2C%202020.pdf\]](#)
- 
[June 5, 2020 - Notice of Public Hearing - Throughline Apartments \(777 Broadway, 1204 Mason, & 1525-1529 Grant\) TEFRA Hearing on June 17, 2020](#)
[\[/sites/default/files/June%205%2C%202020%20-%20Notice%20of%20Public%20Hearing%20-%20Throughline%20Apartments%20%28777%20Broadway%2C%201204%20Mason%2C%20%26%201525-1529%20Grant%29_1.pdf\]](#)
- 
[May 19, 2020 - Notice of Public Hearing - Multiple Projects TEFRA Hearing on May 27, 2020](#)
[\[/sites/default/files/May%2019%2C%202020%20-%20Notice%20of%20Public%20Hearing%20-%20Multiple%20Projects%20TEFRA%20Hearing%20on%20May%2027%2C%202020.pdf\]](#)
- 
[May 13, 2020 - Notice of Public Hearing: The Avery \(250 Fremont St\) TEFRA Hearing on May 20, 2020](#)
[\[/sites/default/files/May%2013%2C%202020%20-%20Notice%20of%20Public%20Hearing%20-%20250%20Fremont%20St%20%28The%20Avery%29%20TEFRA%20Hearing%20on%20May%2020%2C%202020_0.pdf\]](#)
- 
[May 8, 2020 - Notice of Public Hearing: 1601 Mariposa St TEFRA Hearing on May 15, 2020](#)
[\[/sites/default/files/May%208%2C%202020%20-%20Notice%20of%20Public%20Hearing%201601%20Mariposa%20TEFRA%20Hearing%20on%20May%2015%2C%202020.pdf\]](#)
- 
[May 5, 2020 - Notice of Public Hearing: Balboa Park Upper Yard \(2340 San Jose Ave\) TEFRA Hearing on May 12, 2020](#)
[\[/sites/default/files/May%205%2C%202020%20-%20Notice%20of%20Public%20Hearing%20-%20Balboa%20Park%20Upper%20Yard%20%282340%20San%20Jose%20Ave%29%20TEFRA%20Hearing%20on%20May%2012%2C%202020_1.pdf\]](#)
- 
[May 4, 2020- Notice of Public Hearing: Yosemite-Folsom Dore Scattered Sites \(480 Eddy St-75 Dore St\) TEFRA Hearing on May 11, 2020](#)
[\[file/64512\]](#)
- 
[May 4, 2020- Notice of Public Hearing: Ambassador-Ritz Scattered Sites \(55 Mason St-216 Eddy St\) TEFRA Hearing on May 11, 2020](#)
[\[file/64511\]](#)
- 
[February 5, 2020: Notice of Public Meeting Regarding Mayor's Office and MOHCD's Proposed Budget](#)
[\[/sites/default/files/Documents/Public%20Notices/Public%20Notice%20of%20Public%20Meeting%20Regarding%20Mayor%27s%20Office%20Budget-final.pdf\]](#)

 [Draft Proposed Budget](#)

[\[/sites/default/files/Documents/Public%20Notices/Mayor%20Admin%20MOHCD%20Public%20Budget%20Meeting_02.07.20.pdf\]](#)

-  [January 16, 2020 - Notice of Public Hearing: South Park Scattered Sites \(22-102-106 South Park Street\) TEFRA Hearing on January 31, 2020](#) [\[/sites/default/files/January%2016%2C%202020-%20Notice%20of%20Public%20Hearing-%20Park%20Scattered%20Sites%20%2822-10-106%20S%20Park%20St%29-%20TEFRA%20Hearing%20on%20January%2031%2C%202020.pdf\]](#)
-  [December 23, 2019 - Notice of Public Hearing: Ambassador Hotel \(55 Mason Street\) TEFRA Hearing on January 6, 2020](#) [\[/sites/default/files/December%2023%2C%202019%20-%20Notice%20of%20Public%20Hearing%20Ambassador%20Hotel%20%2855%20Mason%20Street%29%20TEFRA%20Hearing%20on%20January%2006%2C%202020.pdf\]](#)
-  [November 21, 2019 - Notice of Public Hearing: Fillmore Marketplace \(1223 Webster\) TEFRA Hearing on December 2, 2019](#) [\[/sites/default/files/November%2021%2C%202019%20-%20Notice%20of%20Public%20Hearing%20Fillmore%20Marketplace.pdf\]](#)
-  [November 8, 2019 - Notice of Public Hearing: Visitacion Valley Parcel 1 \(2201 Bayshore Boulevard\) TEFRA Hearing on November 15, 2019](#) [\[/sites/default/files/November%2008%2C%202019%20-%20Notice%20of%20Public%20Hearing%20Visitacion%20Valley%20Parcel%201.pdf\]](#)
-  [November 8, 2019 - Notice of Public Hearing: Visitacion Valley Parcel 3A \(2201 Bayshore Boulevard\) TEFRA Hearing on November 15, 2019](#) [\[/sites/default/files/November%2008%2C%202019%20-%20Notice%20of%20Public%20Hearing%20Visitacion%20Valley%20Parcel%203A.pdf\]](#)
-  [November 1, 2019 - Notice of Public Hearing: 53 Colton Street TEFRA Hearing on November 8, 2019](#) [\[/sites/default/files/November%2001%2C%202019%20-%20Notice%20of%20Public%20Hearing%2053%20Colton%20Street%20TEFRA%20Hearing%20on%20November%2008%2C%202019_0.pdf\]](#)
-  [October 21, 2019 - Notice of Public Hearing: 711 Eddy Street TEFRA Hearing, rescheduled for October 28, 2019](#) [\[/sites/default/files/October%2021%2C%202019%20-%20Notice%20of%20Public%20Hearing%20711%20Eddy%20Street%20TEFRA%20Hearing%2C%20rescheduled%20for%20October%2028%2C%202019.pdf\]](#)
-  [October 15, 2019 - Notice of Public Hearing: 681 Florida TEFRA Hearing on October 29, 2019](#) [\[/sites/default/files/October%2015%2C%202019%20-%20Notice%20of%20Public%20Hearing%20681%20Florida%20TEFRA%20Hearing%20on%20October%2029%2C%202019.pdf\]](#)
-  [September 3, 2019 - Notice of Public Hearing: 410 China Basin Street TEFRA Hearing on September 17, 2019](#) [\[/sites/default/files/September%2003%2C%202019%20-%20Notice%20of%20Public%20Hearing%20410%20China%20Basin%20Street%20TEFRA%20Hearing%20on%20September%2017%2C%202019.pdf\]](#)
-  [August 13, 2019 - Notice of Public Hearing: FD Haynes Apartments \(1019 – 1089 Golden Gate Avenue, 949 – 959 Laguna Street, 900 – 940 McAllister Street, 1010 – 1030 Buchanan Street\) TEFRA Hearing on August 21, 2019](#) [\[/sites/default/files/August%2013%2C%202019%20-%20Notice%20of%20Public%20Hearing%20FD%20Haynes%20Apartments%20%281019%20%2E%28%20%293%201089%20Golden%20Gate%20Avenue%2C%20949%20%2E%28%20%293%20959%20Laguna%20Street%2C%20900%20%2E%28%20%293%20940%20McAllister%20Street%2C%201010%20%2E%28%20%293%201030%20Buchanan%20Street%29%20TEFRA%20Hearing%20on%20August%2021%2C%202019.pdf\]](#)
-  [July 2, 2019 - Notice of Public Hearing: Yosemite Apartments \(480 Eddy Street\) TEFRA Hearing on July 11, 2019](#) [\[/sites/default/files/Notice%20of%20Public%20Hearing-Posted%20July%202%202019-%20Yosemite%20Apartments-480%20Eddy%20Street%20TEFRA%20Hearing%20on%20July%2011%202019.pdf\]](#)
- [June 27, 2019 - MOHCD Releases Community Opportunity to Purchase Act \(COPA\) Qualified Nonprofit Application](#) [\[current-sf-homeowners\]](#).
-  [June 27, 2019 - Notice of Public Hearing: Bernal Gateway \(3101 Mission Street, 141 Precita Avenue, and 143 Precita Avenue\) TEFRA Hearing on July 8, 2019](#) [\[/sites/default/files/Notice%20of%20Public%20Hearing%20%28Posted%20June%2027%2C%202019%29%20%2E%28%20%293%20Bernal%20Gateway%20%283101%20Mission%20Street%2C%20141%20Precita%20Avenue%2C%20and%20143%20Precita%20Avenue%29%20TEFRA%20Hearing%20on%20July%2008%2C%202019.pdf\]](#)

-  [June 17, 2019 - Notice of Public Hearing: Maceo May \(401 Palms Ave\) TEFRA Hearing on June 26, 2019](#)
[sites/default/files/Documents/MOH/Announcements/TEFRA%20Ad_Maceo%20May%20for%20posting%206%2017%2019_0.pdf]
-  [June 13, 2019 - Affordable Housing Bond Report](#) [sites/default/files/2019_GeneralObligationHousingReport-FINAL061919.pdf]
-  [May 21, 2019 - Notice of Public Hearing: 500-520 Turk and 555 Larkin Street TEFRA Hearing](#)
[sites/default/files/TEFRA%20Ad_500%20Turk%20-%2019-0520%20final.pdf]
-  [May 21, 2019 - Notice of Public Hearing: 1064-1068 Mission Street TEFRA Hearing](#)
[sites/default/files/TEFRA%20Ad_1064%20Mission%20Final%2005%2017%2019.pdf]
- [April 1, 2019 - Affordable Housing Bond Working Group Public Meeting Notice](#) [article/affordable-housing-bond-working-group-public-meeting-notice]

Community Development Meeting Agendas & Minutes

- [Citizen's Committee on Community Development](#) [meetings/11]
- [SoMa Fund Community Advisory Committee](#) [soma-fund-meeting-information]

[Archived meetings \(pre-2015\)](#) » [archived-meetings]

[Environmental Reviews](#) [environmental-reviews]

MOHCD performs environmental reviews for all public buildings in San Francisco.

[Relocation Appeals Board](#) [relocation-appeals-board]

San Francisco may occasionally displace residents and businesses when building new developments. The City will offer a relocation package to those residents and businesses. If you are dissatisfied with the relocation package, you can contact the Relocation Appeals Board.

President, District 10
BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. 554-6516
Fax No. 554-7674
TDD/TTY No. 554-6546

Shamann Walton

PRESIDENTIAL ACTION

Date: July 7, 2021

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,

Pursuant to Board Rules, I am hereby:

- Waiving 30-Day Rule (Board Rule No. 3.23)

File No. _____

(Primary Sponsor)

Title. _____

- Transferring (Board Rule No 3.3)

File No. _____

(Primary Sponsor)

Title. _____

See the attached two trailing pages for a list of transferring files.

From: Government Audit & Oversight Committee

To: Budget & Finance Committee

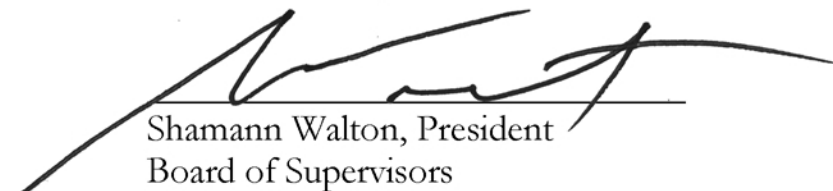
- Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor: _____ Replacing Supervisor: _____

For: _____ Meeting
(Date) (Committee)

Start Time: _____ End Time: _____

Temporary Assignment: Partial Full Meeting



Shamann Walton, President
Board of Supervisors

210534 - Administrative Code and Amending Ordinance No. 49-17 - Deferring Payments to and Use of the 180 Jones Affordable Housing Fund

210635 - Lease Amendment No. 2 - Stellar Partners, Inc. - Boarding Area F Specialty Store Lease No. 12-0086 - Term Extension

210607 - Accept and Expend Grant - Retroactive - University of California San Francisco - Construction Community Outreach Program - \$136,000

210608 - Accept and Expend Grant - Retroactive - Development of Commerce - CARES Act Recovery Assistance Revolving Loan Fund - \$550,000

210675 - Lease Agreement - Genesco Partners Joint Ventures #11 - Harvey Milk Terminal 1 Retail Concession - \$365,000 Minimum Annual Guarantee

210676 - Lease Agreement - Culinary Heights Hospitality - Harvey Milk Terminal 1 Food and Beverage Concession Leases in Phases 3 and 4 - Lease 13, Lease No. 20-0043 - \$385,000 Minimum Annual Guarantee

210679 - Accept and Expend Grant - Retroactive - California Governor's Office of Emergency Services - Paul Coverdell Forensic Science Improvement Program - \$61,437

210680 - Accept and Expend Grant - Retroactive - United States Homeland Security - California Office of Emergency Services - Bay Area Urban Areas Security Initiative - \$33,012,500

210681 - Accept and Expend Grant - Retroactive - United States Homeland Security - Securing the Cities Program - FY2020 - \$3,065,800

210682 - Accept and Expend Grant - Retroactive - California Governor's Office of Emergency Services - FY2020 Community Power Resiliency Grant Program - \$189,005

210683 - Accept and Expend Grant - Retroactive - Health Resources and Services Administration - Ending the Human Immunodeficiency Virus Epidemic: A Plan for America - Ryan White HIV/AIDS Program Parts A and B - \$2,667,000

210685 - Accept and Expend Grant - Retroactive - California Governor's Office of Emergency Services - Public Safety Power Shutoff Resiliency Allocation Program - FY2019 - \$378,010

210693 - Accept and Expend Grant - Retroactive - Health Resources and Services Administration - Ending the Human Immunodeficiency Virus Epidemic: A Plan for America - Ryan White HIV/AIDS Program Parts A and B - \$2,667,000

210713 - Professional Services Agreement Amendment - Calpine Energy Solutions, LLC - Community Choice Aggregation Program - Not to Exceed \$32,645,425

210721 - Apply for Grants - FY2021, FY2022, and FY2023 Emergency Preparedness Grants

210735 - Lease Extension Modification - 2011 Lease and Use Agreement - TACA International Airlines, S.A. - Estimated Rent \$4,301,668

210736 - Lease Agreement - ProperFood SFO Airport, LLC - Harvey Milk Terminal 1 Food and Beverage Concession Lease in Phases 3 and 4 - Lease 10, Lease No. 20-0041 - \$275,000 Minimum Annual Guarantee

210737 - Real Property Lease Amendment - Townsend Associates, LLC - 650-5th Street - \$159,200 Annual Base Rent

- 210738 - Real Property Lease Extension - Mattison Family Trust - 555-575 Polk Street - \$500,364 Annual Base Rent
- 210740 - Health Service System Plans and Contribution Rates - Calendar Year 2022
- 210742 - Accept and Expend Grant - Retroactive - John D. and Catherine T. MacArthur Foundation - Safety and Justice Challenge - Amendment to the Annual Salary Ordinance for FYs 2020-2021 and 2021-2022 - \$2,000,000
- 210743 - Accept and Expend Grant - Retroactive - U.S. Department of Justice - Justice Reinvestment Initiative - Amendment to Annual Salary Ordinance - FYs 2020-2021 and 2021-2022 - \$1,000,000
- 210763 - Loan Agreement - 2550 Irving Associates, L.P. - 100% Affordable Housing at 2550 Irving Street - Not to Exceed \$14,277,516
- 210764 - Loan Agreement - Ambassador Ritz Four Percent, L.P. - 55 Mason Street and 216 Eddy Street - Not to Exceed \$44,465,000
- 210765 - Multifamily Housing Revenue Note - Ambassador Ritz Four Percent L.P. - 55 Mason Street and 216 Eddy Street - Not to Exceed \$56,039,857
- 210766 - Multifamily Housing Revenue Bonds - 151 and 351 Friedell Street (Hunters Point Shipyard Phase 1 Blocks 52 and 54) - Not to Exceed \$63,000,000
- 210767 - Multifamily Housing Revenue Bonds - 1500 Block of Sunnysdale Avenue (Sunnysdale HOPE SF Block 3B) - Not to Exceed \$58,750,000
- 210768 - Apply for, Accept, and Expend Grant - Retroactive - U.S. Department of Housing and Urban Development - Community Development Block Grant Program (CDBG) - \$24,737,307 - FY2021-2022
- 210769 - Apply for, Accept, and Expend Grant - Retroactive - U.S. Department of Housing and Urban Development - Emergency Solutions Grants (ESG) Program - \$1,590,749 - FY2021-2022
- 210770 - Apply for, Accept, and Expend Grant - Retroactive - U.S. Department of Housing and Urban Development - HOME Investment Partnership Program - \$5,261,731 - FY2021-2022
- 210771 - Apply for, Accept, and Expend Grant - Retroactive - U.S. Department of Housing and Urban Development - Housing Opportunities for Persons with AIDS (HOPWA) Program - \$12,977,602 - FY2021-2022
- 210774 - Real Property Lease Extension - BC Capp, LLC - Homeless Resource Center - 165 Capp Street - \$270,685 Annual Base Rent
- 210775 - Lease of Real Property - SFSPE TG, LLC, SFSPE T1, LLC, SFSPE MH, LLC and SFSPE OBI LLC - 1360 Mission Street - \$644,404 Annual Base Rent - Up to \$200,000 in Tenant Improvements



San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 210765

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

1. FILING INFORMATION

| | |
|---|---|
| TYPE OF FILING | DATE OF ORIGINAL FILING (for amendment only) |
| Original | |
| AMENDMENT DESCRIPTION – Explain reason for amendment | |
| | |

2. CITY ELECTIVE OFFICE OR BOARD

| | |
|------------------------|--------------------------------------|
| OFFICE OR BOARD | NAME OF CITY ELECTIVE OFFICER |
| Board of Supervisors | Members |

3. FILER'S CONTACT

| | |
|----------------------------------|--------------------------------|
| NAME OF FILER'S CONTACT | TELEPHONE NUMBER |
| Angela Calvillo | 415-554-5184 |
| FULL DEPARTMENT NAME | EMAIL |
| office of the clerk of the Board | Board.of.Supervisors@sfgov.org |

4. CONTRACTING DEPARTMENT CONTACT

| | |
|-------------------------------------|--|
| NAME OF DEPARTMENTAL CONTACT | DEPARTMENT CONTACT TELEPHONE NUMBER |
| Caroline McCormack | (646) 339-0616 |
| FULL DEPARTMENT NAME | DEPARTMENT CONTACT EMAIL |
| MYR Mayor's Office of Comm. Dev | caroline.mccormack@sfgov.org |

| 5. CONTRACTOR | |
|--|---|
| NAME OF CONTRACTOR Ambassador Ritz Four Percent L.P. | TELEPHONE NUMBER 415-776-2151 |
| STREET ADDRESS (including City, State and Zip Code) 201 Eddy Street, SF CA 94102 | EMAIL abenejam@tndc.org |

| 6. CONTRACT | | |
|---|--------------------------------|--|
| DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S) | ORIGINAL BID/RFP NUMBER | FILE NUMBER (If applicable) 210765 |
| DESCRIPTION OF AMOUNT OF CONTRACT \$56,039,857 | | |
| NATURE OF THE CONTRACT (Please describe) Tax-exempt multifamily housing revenue bond financing for the acquisition and rehabilitation of the Ambassador Ritz Scattered Sites, the project located at 216 Eddy Street and 55 Mason Street. | | |

| 7. COMMENTS |
|-------------|
| |

| 8. CONTRACT APPROVAL | |
|-------------------------------------|--|
| This contract was approved by: | |
| <input type="checkbox"/> | THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM |
| <input checked="" type="checkbox"/> | A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors |
| <input type="checkbox"/> | THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS |

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

| # | LAST NAME/ENTITY/SUBCONTRACTOR | FIRST NAME | TYPE |
|----|--------------------------------|-------------|--------------------|
| 1 | Falk | Don | CEO |
| 2 | Lathouwers | Ron | CFO |
| 3 | Orlin | Liz | COO |
| 4 | Blakely | Lisa | Board of Directors |
| 5 | Martin | Freddy | Board of Directors |
| 6 | Johnson | Susan | Board of Directors |
| 7 | Edwards | Tracey | Board of Directors |
| 8 | Kroot | David | Board of Directors |
| 9 | McLean | Jme | Board of Directors |
| 10 | wilson | Peter | Board of Directors |
| 11 | Barahona | Luis | Board of Directors |
| 12 | Bohee | Tiffany | Board of Directors |
| 13 | Cervantes | Jim | Board of Directors |
| 14 | Cloutier | Mark | Board of Directors |
| 15 | Johnson | Jesse James | Board of Directors |
| 16 | Kim | Kenneth | Board of Directors |
| 17 | Liu | wylie | Board of Directors |
| 18 | Rock | Kathy | Board of Directors |
| 19 | Siswandi | Jennifer | Shareholder |

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

| # | LAST NAME/ENTITY/SUBCONTRACTOR | FIRST NAME | TYPE |
|----|--------------------------------|-----------------|--------------------|
| 20 | Skurdenis | Birute | Board of Directors |
| 21 | wolfe | Kathy | Board of Directors |
| 22 | U.S. Bancorp Community Dev | Equity Investor | Shareholder |
| 23 | | | |
| 24 | | | |
| 25 | | | |
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| 36 | | | |
| 37 | | | |
| 38 | | | |

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

| # | LAST NAME/ENTITY/SUBCONTRACTOR | FIRST NAME | TYPE |
|----|--------------------------------|------------|------|
| 39 | | | |
| 40 | | | |
| 41 | | | |
| 42 | | | |
| 43 | | | |
| 44 | | | |
| 45 | | | |
| 46 | | | |
| 47 | | | |
| 48 | | | |
| 49 | | | |
| 50 | | | |

Check this box if you need to include additional names. Please submit a separate form with complete information. Select “Supplemental” for filing type.

10. VERIFICATION

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

| | |
|---|---------------------------|
| <p>SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK</p> <p>BOS Clerk of the Board</p> | <p>DATE SIGNED</p> |
|---|---------------------------|