

File No. 131037

Committee Item No. 6

Board Item No. 31

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: 11/06/2013

Board of Supervisors Meeting

Date: NOVEMBER 19, 2013

Cmte Board

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Completed by: Victor Young Date November 1, 2013

Completed by: Victor Young Date 11/14/13

1 [Multifamily Housing Revenue Note - Tenderloin Family Housing - 201 Turk Street - Not to
2 Exceed \$22,000,000]

3 **Resolution authorizing the execution, sale, and delivery of a multifamily housing**
4 **revenue note in an aggregate principal amount not to exceed \$22,000,000 for the**
5 **purpose of providing financing for the acquisition and rehabilitation of a 175-unit**
6 **affordable multifamily residential rental housing project known as Tenderloin Family**
7 **Housing; approving the form of and authorizing the execution of a funding loan**
8 **agreement and a borrower loan agreement; providing the terms and conditions of the**
9 **note and authorizing the execution and delivery thereof; approving the form of and**
10 **authorizing the execution of a regulatory agreement and declaration of restrictive**
11 **covenants; authorizing the collection of certain fees; approving modifications, changes**
12 **and additions to the documents; granting general authority to City officials to take**
13 **actions necessary to implement this Resolution; and ratifying and approving any**
14 **action heretofore taken in connection with the note and the Project (as defined herein).**

15
16 WHEREAS, The Board of Supervisors of the City and County of San Francisco
17 ("Board") desires to provide for a portion of the costs of the acquisition and rehabilitation by
18 Tenderloin Family Housing, L.P., a California limited partnership ("Borrower"), of a 175-unit
19 affordable multifamily residential rental housing development located at 201 Turk Street, San
20 Francisco, California, known as "Tenderloin Family Housing" ("Project"), to provide housing
21 for persons and families of low income and very low income through the execution of a
22 multifamily mortgage revenue note; and

23 WHEREAS, The City and County of San Francisco ("City") is authorized to issue
24 revenue obligations to provide financing for multifamily rental housing pursuant to the Charter
25 of the City, Article I of Chapter 43 of the Administrative Code of the City and, to the extent

1 applicable, Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health
2 and Safety Code of the State of California ("Health and Safety Code"), as now in effect and as
3 it may from time to time hereafter be amended or supplemented (collectively, "Act"); and

4 WHEREAS, The interest on the Note (hereinafter defined) may qualify for tax
5 exemption under Section 103 of the Internal Revenue Code of 1986, as amended, ("Code"),
6 only if the issuance of the Note is approved in accordance with Section 147(f) of the Code;
7 and

8 WHEREAS, This Board is the elected legislative body of the City and is one of the
9 applicable elected representatives required to approve the issuance of the Note within the
10 meaning of Section 147(f) of the Code; and

11 WHEREAS, The Mayor's Office of Housing and Community Development held a duly
12 noticed public hearing on April 18, 2012, ("April 18th Hearing"), at which hearing an opportunity
13 was provided for persons to comment on the issuance of the Note and the Project; and

14 WHEREAS, on May 1, 2012, this Board, in Resolution 158-12, approved the issuance
15 of the Note in the amount of \$20,000,000 for the purposes of Section 147(f) of the Code and
16 directed the Director of the Mayor's Office of Housing and Community Development to submit
17 an application to the California Debt Limit Allocation Committee ("CDLAC") along with a
18 deposit in an amount not to exceed \$100,000 in connection with the application; and

19 WHEREAS, Due to an error in the Borrower's name that was corrected prior to the
20 above-referenced May 1, 2012, meeting and Board action, the notice of the April 18th Hearing
21 was defective and a new hearing was required; and

22 WHEREAS, On August 27, 2012, the Mayor's Office of Housing and Community
23 Development placed notice of a new hearing in the San Francisco Examiner which notice
24 listed the correct Borrower name and also increased the not to exceed amount of the Note by
25 \$2,000,000 to \$22,000,000. On September 11, 2012, a public hearing was held pursuant to

1 that notice at which hearing an opportunity was provided for persons to comment on the
2 issuance of the Note and the Project ("September 11th Hearing"); and

3 WHEREAS, Due to changes in the Project's financing structure, caused in part by
4 shifts in the financial markets, the Project was delayed subsequent to the September 11th
5 Hearing and the applicable deadline to issue bonds or notes covered by the September 11th
6 Hearing TEFRA period expired prior to the anticipated closing date of the proposed Note
7 issuance; and

8 WHEREAS, The Mayor's Office of Housing held a public hearing at 10:00 am on
9 September 3, 2013, notice of which hearing was published in a newspaper of general
10 circulation in the City in accordance with Section 147(f) of the Code, and an opportunity was
11 provided for persons to comment on the execution and delivery of the Note in the amount of
12 \$22,000,000 and the plan of financing for the Project; and

13 WHEREAS, On September 18, 2013, CDLAC in its resolution number 13-56 allocated
14 \$22,000,000 in qualified private activity bonds to the Project; and

15 WHEREAS, There has been prepared and presented to the Board for consideration at
16 this meeting the documentation required for the execution and delivery of the Note, and such
17 documentation is on file with the Clerk of the Board of Supervisors ("Clerk of the Board"); and

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

21 WHEREAS, The Board finds that the public interest and necessity require that the City
22 at this time make arrangements for the execution and delivery of the Note; and

23 WHEREAS, The Note is a limited obligation of the City, the sole source of repayment of
24 which shall be payments made by the Borrower under the Borrower Loan Agreement
25

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2 issuance of the Note and the Project ("September 11th Hearing"); and

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4 shifts in the financial markets, the Project was delayed subsequent to the September 11th
5 Hearing and the applicable deadline to issue bonds or notes covered by the September 11th
6 Hearing TEFRA period expired prior to the anticipated closing date of the proposed Note
7 issuance; and

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9 September 3, 2013, notice of which hearing was published in a newspaper of general
10 circulation in the City in accordance with Section 147(f) of the Code, and an opportunity was
11 provided for persons to comment on the execution and delivery of the Note in the amount of
12 \$22,000,000 and the plan of financing for the Project; and

13 WHEREAS, On September 18, 2013, CDLAC in its resolution number 13-65 allocated
14 \$22,000,000 in qualified private activity bonds to the Project; and

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16 this meeting the documentation required for the execution and delivery of the Note, and such
17 documentation is on file with the Clerk of the Board of Supervisors ("Clerk of the Board"); and

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

21 WHEREAS, The Board finds that the public interest and necessity require that the City
22 at this time make arrangements for the execution and delivery of the Note; and

23 WHEREAS, The Note is a limited obligation of the City, the sole source of repayment of
24 which shall be payments made by the Borrower under the Borrower Loan Agreement
25

1 (hereinafter defined), together with investment income of certain funds and accounts held
2 under the Funding Loan Agreement (hereinafter defined); and

3 WHEREAS, The City has engaged Orrick Herrington & Sutcliffe LLP and Curlls Bartling
4 P.C., as co-note counsel with respect to the Note ("Co-Note Counsel"); and

5 WHEREAS, Union Bank, N.A., a national banking association, has expressed its
6 intention to purchase, or cause an affiliate to purchase, the Note authorized hereby; now,
7 therefore, be it

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

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

12 Section 2. Approval of Execution and Delivery of Note. In accordance with the Act and
13 the Funding Loan Agreement, the City is hereby authorized to execute and deliver a revenue
14 note of the City, which note comprises a Governmental Lender Note under the Funding Loan
15 Agreement, such note to be designated as "City and County of San Francisco Multifamily
16 Housing Revenue Note (Tenderloin Family Housing), 2013 Series C," or such other
17 designation as may be necessary or appropriate to distinguish such Note from any other
18 bonds or notes of the City, in an aggregate principal amount not to exceed Twenty-Two Million
19 Dollars) (\$22,000,000.00) ("Note"), with an interest rate not to exceed twelve percent (12%)
20 per annum for the Note, and which shall have a final maturity date not later than November 1,
21 2043. The Note shall be in the form set forth in and otherwise in accordance with the Funding
22 Loan Agreement, and shall be executed by the manual or facsimile signature of the Mayor of
23 the City ("Mayor") and attested by the manual signature of the Clerk of the Board.

24 Section 3. Approval of Funding Loan Agreement. The Funding Loan Agreement
25 ("Funding Loan Agreement"), by and among the City, Union Bank, N.A., as funding lender

1 ("Funding Lender") and Union Bank, N.A., as fiscal agent, in the form presented to the Board,
2 a copy of which is on file with the Clerk of the Board, is hereby approved. Each of the Mayor,
3 the Director of the Mayor's Office of Housing and Community Development, the Housing
4 Development Director of the Mayor's Office of Housing and Community Development or any
5 Authorized Governmental Lender Representative (as such term is defined in the Funding
6 Loan Agreement) (collectively, "Authorized Representatives" and each, an "Authorized
7 Representative") is hereby authorized to execute the Funding Loan Agreement, approved as
8 to form by the City Attorney of the City ("City Attorney"), in substantially said form, together
9 with such additions thereto and changes therein as the City Attorney and Co-Note Counsel
10 may approve or recommend in accordance with Section 8 hereof.

11 Section 4. Approval of Borrower Loan Agreement. The Borrower Loan Agreement
12 ("Borrower Loan Agreement"), by and among the City, the Funding Lender and the Borrower,
13 in the form presented to the Board, a copy of which is on file with the Clerk of the Board, is
14 hereby approved. Each Authorized Representative is hereby authorized to execute the
15 Borrower Loan Agreement, approved as to form by the City Attorney, in substantially said
16 form, together with such additions thereto and changes therein as the City Attorney and Co-
17 Note Counsel may approve or recommend in accordance with Section 8 hereof.

18 Section 5. Approval of Regulatory Agreement and Declaration of Restrictive
19 Covenants. The Regulatory Agreement and Declaration of Restrictive Covenants ("Regulatory
20 Agreement"), between the City and the Borrower, in the form presented to the Board, a copy
21 of which is on file with the Clerk of the Board, is hereby approved. Each Authorized
22 Representative is hereby authorized to execute the Regulatory Agreement, approved as to
23 form by the City Attorney, in substantially said form, together with such additions thereto and
24 changes therein as the City Attorney and Co-Note Counsel may approve or recommend in
25 accordance with Section 8 hereof.

1 Section 6. Issuer Fees. The City, acting through the Mayor's Office of Housing and
2 Community Development, shall charge a fee for the administrative costs associated with
3 issuing the Note in an amount not to exceed 0.25% of the aggregate principal amount of the
4 Note. Such fee shall be payable at closing and may be contingent on the delivery of the Note.
5 The City shall also charge an annual fee for monitoring compliance with the provisions of the
6 Regulatory Agreement in an amount not to exceed 0.125% of the outstanding principal
7 amount of the Note, but no less than \$2,500 annually, for the term of the Regulatory
8 Agreement. The initial monitoring fee shall be payable upon delivery of the Note. The Board
9 hereby authorizes the Mayor's Office of Housing and Community Development to charge and
10 collect the fees described in this section.

11 Section 7. Approval of Note Following a Public Hearing. This Board hereby approves
12 the execution and delivery of the Note in an amount set forth in Section 2 above. It is the
13 purpose and intent of this Board that this Resolution constitute approval of the execution and
14 delivery of the Note by the applicable elected representative of the governmental unit having
15 jurisdiction over the area in which the Project is located for the purposes of, and in
16 accordance with, Section 147(f) of the Code.

17 Section 8. Modifications, Changes, Additions. Any Authorized Representative
18 executing the Funding Loan Agreement, the Borrower Loan Agreement or the Regulatory
19 Agreement (collectively, "City Agreements"), in consultation with the City Attorney and Co-
20 Note Counsel, is hereby authorized to approve and make such modifications, changes or
21 additions to the City Agreements as may be necessary or advisable, provided that such
22 modification does not authorize an aggregate principal amount of the Note in excess of
23 \$22,000,000, provide for a final maturity on the Note later than November 1, 2043, or provide
24 for the Note to bear interest at a rate in excess of twelve percent (12%) per annum. The
25

1 approval of any modification, addition or change to any of the aforementioned documents
2 shall be evidenced conclusively by the execution and delivery of the document in question.

3 Section 9. General Authority. The proper officers of the City are hereby authorized and
4 directed, for and in the name and on behalf of the City, to do any and all things and take any
5 and all actions and execute and deliver any and all certificates, agreements and other
6 documents, including but not limited to those documents described in the City Agreements,
7 which they, or any of them, may deem necessary or advisable in order to consummate the
8 lawful execution and delivery of the Note and to effectuate the purposes thereof and of the
9 documents herein approved in accordance with this Resolution.

10 Section 10. Ratification of Prior Actions. All actions heretofore taken by the officers
11 and agents of the City with respect to the issuance and delivery of the Note are hereby
12 approved, confirmed and ratified.

13 Section 11. File. All documents referenced herein as being on file with the Clerk of the
14 Board are located in File No. 131037, which is hereby declared to be a part of this
15 Resolution as if set forth fully herein.

17 APPROVED AS TO FORM:

18 DENNIS J. HERRERA
19 City Attorney

20
21 By:

22 MARK BLAKE
23 Deputy City Attorney

24
25
Supervisor Chiu
BOARD OF SUPERVISORS

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10/22/2013

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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

SEP 23 2013
OFFICE OF THE STATE TREASURER
BY _____

MEMBERS

BILL LOCKYER, CHAIRMAN
State Treasurer

EDMUND G. BROWN JR.
Governor

JOHN CHIANG
State Controller

EXECUTIVE DIRECTOR

Sean L. Spear

September 18, 2013

Olson Lee
Director, Mayor's Office of Housing
City and County of San Francisco
One South Van Ness Avenue, 5th Floor
San Francisco, CA 94103

**RE: RESOLUTION ATTESTING TO THE
TRANSFER OF PRIVATE ACTIVITY BOND ALLOCATION**

Dear Mr. Lee,

Enclosed is a copy of Resolution No. 13-56, adopted by the California Debt Limit Allocation Committee (the "Committee") on September 18, 2013, transferring \$22,000,000 of the 2013 State Ceiling on Qualified Private Activity Bonds to the City and County of San Francisco for the Tenderloin Family Housing Apartments Project. The Resolution establishes the terms and conditions under which the allocation has been granted. Please read it carefully and keep a copy in your permanent files.

The following is additional information pertaining to the use of the allocation for this Project:

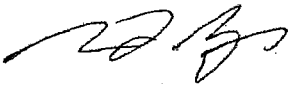
1. **Performance Deposit:** Pursuant to Section 5050 of the Committee's Regulations, the performance deposit certified in support of this project (\$100,000) is to remain on deposit until you receive written authorization from the Committee that it may be released. This written release will be provided once the Committee receives the "Report of Action Taken" form indicating that the allocation transferred was used for the issuance of bonds for the specific Project and the payment of the second installment of the CDLAC filing fee. 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. **Reporting of Issuance:** Enclosed is a "Report of Action Taken" form to be used to report the issuance of bonds pursuant to Section 9 of the Resolution
3. **IRS Certification:** The IRS-required certification will be prepared and sent to bond counsel once the Committee receives the "Report of Action Taken" form.
4. **Second Installment of Filing Fee:** Enclosed is an invoice for this Project. Please note that this is a change from past practice where the Committee's invoice for the second installment of the filing fee was sent with the IRS Certification after the Report of Action Taken. The Committee will no longer forward an invoice with the IRS Certification. The invoice attached herein should be considered final, due and payable upon the issuance of bonds.

Olson Lee
September 18, 2013
Page 2

5. Certification of Compliance: Enclosed is a Certification of Compliance to be submitted to the Committee annually on March 1st of each year on sponsor letterhead pursuant to Section 13 of the Resolution. In addition, an Annual Applicant Public Benefits and On-going Compliance Self-Certification form must be submitted annually on March 1st of each year pursuant to Section 5144 of the CDLAC Regulations. A copy of the form may be found at this website location: <http://www.treasurer.ca.gov/cdlac>.

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,



Sean L. Spear
Executive Director

Enclosures

c: Lydia Ely, City and County of San Francisco
Ericka Curls Bartlin, Esq., Orrick, Herrington & Sutcliffe LLP
Shannon Dodge, Tenderloin Family Housing, LP

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

RESOLUTION NO. 13-56

**A RESOLUTION TRANSFERRING A PORTION OF THE 2013 STATE CEILING
ON QUALIFIED PRIVATE ACTIVITY BONDS FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT**

WHEREAS, the California Debt Limit Allocation Committee ("Committee") has received an application ("Application") from the **City and County of San Francisco** ("Applicant") for the transfer to the Applicant of a portion of the 2013 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 2013 State Ceiling on Qualified Private Activity Bonds ("Allocation") in order to benefit such Project described in the Application;

NOW, THEREFORE, the California Debt Limit Allocation Committee resolves as follows:

Section 1. There is hereby transferred to the Applicant an amount of the 2013 State Ceiling on Qualified Private Activity Bonds equal to **\$22,000,000**. Such Allocation may be used only by the Applicant and only for the issuance of Bonds for the Project, as specifically described in Exhibit A. All of the terms and conditions of Exhibit A are incorporated herein as though set forth in full (this resolution, together with Exhibit A are hereafter referred to collectively as this "Resolution").

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds. The Project Sponsor and the Applicant, and all 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 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. Once the 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. The Committee may consent to changes in the terms and conditions set forth in this Resolution as changed circumstances may dictate.

Section 4. Any material changes in the structure of the bond sale structure 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 project of the same issuer that has been previously approved by the Committee.

Section 6. The Applicant is not authorized to use the Allocation transferred hereby to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer the Allocation to any governmental unit in the State other than this 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 **December 17, 2013**. Upon the discretion of the Executive Director, the expiration may be extended pursuant to the provisions in Article 8, Chapter 1 of the Committee's Regulations.

Section 8. Within twenty-four (24) hours of using the Allocation to issue Qualified Private Activity Bonds, the Applicant shall notify the Committee by facsimile communication to the fax number listed in Section 5140 of the Committee's Regulations that the Allocation has been used. This facsimile notice shall identify the Applicant, the project or program, the date the Allocation was used, and the amount of Allocation used.

Section 9. Within fifteen (15) calendar days of the Bond closing, the Applicant or its counsel shall formally transmit to the Committee information regarding the issuance of the Bonds by submitting a completed Report of Action Taken in a form prescribed by and made available by the Committee.

Section 10. Any differences between the amount of Bonds issued and the amount of the Allocation granted in Section 1 of this Resolution shall automatically revert to the Committee. If at any time prior to the expiration date set forth in Section 7 hereof, the Applicant determines that part or all of the Allocation will not be used to issue Bonds by that date, the Applicant shall take prompt action by resolution of its governing Board or by action of its authorized officer to return such unused Allocation to the Committee.

Section 11. The staff of the Committee is authorized and directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain a copy of this Resolution in the Applicant's official records for the term of the Bonds under this Allocation or the term of the income and rental restrictions, whichever is longer. The Committee staff is further directed to retain a copy of this Resolution in the files of the Committee (or any successor thereto) for the same period of time.

Section 12. In consideration of the Allocation transferred to the Applicant and the Project Sponsor, the Applicant and the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. 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.

Section 13. The Project Sponsor or its successor-in-interest shall provide certifications of compliance with the terms and conditions set forth in this Resolution annually on March 1st of each year or when reasonably requested by the Committee.


Section 14. This Resolution shall take effect immediately upon its adoption.

CERTIFICATION

I, SEAN L. SPEAR, 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 September 18, 2013 at 11:04 a.m. with the following votes recorded:

AYES: Michael Paparian for State Treasurer Bill Lockyer
Jennifer Rockwell for Governor Edmund G. Brown Jr.
Alan Gordon for State Controller John Chiang

NOES: None
ABSTENTIONS: None
ABSENCES: None


SEAN L. SPEAR, Executive Director

Date: September 18, 2013

RESOLUTION NO. 13-56
(QUALIFIED RESIDENTIAL RENTAL PROJECT)
EXHIBIT A

1. Applicant: City and County of San Francisco
2. Application No.: 13-027
3. Project Sponsor: Tenderloin Family Housing, LP (Tenderloin Family Housing LLC)
4. Property Management Co.: Chinatown Community Development Center
5. Project Name: Tenderloin Family Housing Apartments
6. Type of Project: Acquisition and Rehabilitation/Family
7. Location: San Francisco, CA
8. Private Placement Purchaser: Union Bank, N.A.
9. The Private Placement Purchaser at the time of issuance will be the same as represented in the application.
Applicable
10. Total Number of Units: 174 plus 1 manager unit
11. Total Number of Restricted Rental Units: 174
12. The term of the income and rental restrictions for the Project will be at least 55 years.
13. The Project will utilize Gross Rents as defined in Section 5170 of the Committee's Regulations.
Applicable
14. Income and Rental Restrictions:
For the entire term of the income and rental restrictions, the Project will have:

At least 71 Qualified Residential units rented or held vacant for rental for persons or families whose income is at 50% or below of the Area Median Income.

At least 103 Qualified Residential units rented or held vacant for rental for persons or families whose income is at 60% or below of the Area Median Income.
15. For acquisition and rehabilitation projects, a minimum of \$10,000 in hard construction costs will be expended for each Project unit.
Applicable
16. A minimum of \$15,425,876 of public funds will be expended for the Project.
Applicable

RESOLUTION NO. 13-56

Exhibit A

Page 2 of 4

17. 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
18. 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 three-bedroom or larger units.
Not Applicable
19. For a period of ten (10) years after the Project is placed in use, the Project will provide to Project residents high-speed Internet or wireless (WiFi) service in each Project unit.
Not Applicable
20. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents an after school programs of an ongoing nature on-site or there must be an after school program available to Project residents within 1/4 mile of the Project. The programs shall include, but are not limited to: tutoring, mentoring, homework club, and art and recreation activities to be provided weekdays throughout the school year for at least 10 hours per week.
Not Applicable
21. For a period of ten (10) 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 and 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 1/4 mile of the Project.
Applicable
22. For a period of ten (10) 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 1/4 mile of the Project.
Not Applicable
23. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents health and wellness services and programs within 1/4 mile of the Project. Such services and programs shall provide individualized support for tenants (not group classes) but need to be provided by licensed individuals or organizations. The services shall include, but are not limited to: visiting nurses programs, intergenerational visiting programs, and senior companion programs. Services shall be provided for a minimum of 100 hours per year.
Not Applicable
24. For a period of ten (10) years after the Project is placed in use, the Project will offer to Project residents a bona fide service coordinator. The responsibilities must include, but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants to access services through referral and advocacy, and (c) organizing community-building and/or enrichment activities for tenants (such as holiday events, tenant council, etc.)
Not Applicable
25. All projects that receive points for being a Federally Assisted At-Risk Project will renew all Section 8 HAP Contracts or equivalent Project-based subsidies for their full term, and will seek additional renewals, if available, throughout the Project's useful life.
Not Applicable

RESOLUTION NO. 13-56

Exhibit A

Page 3 of 4

26. All projects that receive points for being a Federally Assisted At-Risk Project based on an expiring Low Income Housing Tax Credit Regulatory Agreement or Tax-Exempt Bond Regulatory Agreement shall have a plan in place to re-certify the incomes of the existing tenants and shall not cause involuntary displacement of any tenant whose income may exceed the Project's income limits.
Not Applicable

27. Applicants shall meet the multiple sustainable building standards utilizing landscaping and construction materials which are compatible with the neighborhood in which the proposed project is to be located, and that the architectural design and construction materials will provide for low maintenance and durability, as well as be suited to the environmental conditions to which the project will be subjected:

Applicable

Section Waived:

| | |
|--------------------------|---------------------|
| <input type="checkbox"/> | Energy Efficiency |
| <input type="checkbox"/> | CALGreen Compliance |
| <input type="checkbox"/> | Landscaping |
| <input type="checkbox"/> | Roofs |
| <input type="checkbox"/> | Exterior Doors |
| <input type="checkbox"/> | Appliances |
| <input type="checkbox"/> | Window Coverings |
| <input type="checkbox"/> | Water Heater |
| <input type="checkbox"/> | Floor Coverings |
| <input type="checkbox"/> | Paint |
| <input type="checkbox"/> | Insulation |

28. The project commits to becoming certified under any one of the following programs upon completion:

- a. Leadership in Energy & Environmental Design (LEED) **Not Applicable**
- b. Green Communities **Not Applicable**
- c. GreenPoint Rated Multifamily Guidelines **Not Applicable**

29. The project is a New Construction or Adaptive Reuse Project exceeding the Standards of Title 24, Part 6, of the California Building Code by:

- a. 17.5% **Not Applicable**
- b. 20% **Not Applicable**
- c. 25% **Not Applicable**

30. The Project will exceed the minimum energy efficiency certification requirements for New Construction/ Adaptive Reuse:

- a. LEED for Homes (Silver) **Not Applicable**
- b. LEED for Homes (Gold) **Not Applicable**
- c. Green Point Rated (100) **Not Applicable**
- d. Green Point Rated (125) **Not Applicable**

31. 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 building(s) by:

- a. 15% **Not Applicable**
- b. 20% **Not Applicable**
- c. 25% **Not Applicable**
- d. 30% **Not Applicable**

RESOLUTION NO. 13-56

Exhibit A

Page 4 of 4

32. 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 |
33. The project will implement sustainable building management practices that include: 1) development of a percent-specific maintenance manual including replacement specifications and operating information on all energy and green building features; 2) Certification of building management staff in sustainable building operations per BPI Multifamily Building Operator or equivalent training program; and 3) Undertaking formal building systems commissioning, retro-commissioning or re-commissioning as appropriate (continuous commissioning is not required):
Not Applicable
34. The project will sub-meter centralized hot water systems for all tenants:
Not Applicable

The following certification must be submitted by the Project Sponsor (on Project Sponsor letterhead) to the Applicant (Issuer) who will then forward it to the California Debt Limit Allocation Committee annually on March 1st (or at such other time as requested by the Committee).

CERTIFICATION OF COMPLIANCE

Project Name: Tenderloin Family Housing Apartments

(If project has changed name since the award of allocation please note the original project name as well as the new project name)

Name of Bond Issuer: City and County of San Francisco

CDLAC Application No.: 13-027

Pursuant to Section 13 of Resolution No. 13-56 (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on September 18, 2013, I, _____, an Officer of the Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I further certify that I have read and understand the CDLAC Resolution, which specifies that once the Bonds are issued, the terms and conditions set forth in the Resolution Exhibit A shall be enforceable by the Committee through an action for specific performance, negative points, withholding future allocation or any other available remedy.

Please check or write N/A to the items list below:

_____ The project is currently in the Construction or Rehabilitation phase.

_____ The project has incorporated the minimum specifications into the project design for all new construction and rehabilitation projects as evidenced by attached the applicable third party certification (HERS Rater, Green Point Rater or US Green Building Council). For projects under construction or rehabilitation, the information is due following receipt of the verification but in no event shall the documentation be submitted more than two years after the issuance of bonds.

_____ For projects that received points for exceeding the minimum requirements please attach the appropriate California Energy Commission compliance form for the project which shows the necessary percentage improvement better than the appropriate standards. The compliance form must be signed by a California Association of Building Consultants, Certified Energy Plans Examiner or HERS Rater as applicable.

Signature of Officer

Date

Printed Name of Officer

Title of Officer

Phone Number

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: September 18, 2013

Invoice No.: FY 13-025
Application No.: 13-027
Analyst Initials: SL

To: Lydia Ely
Project Manager
City and County of San Francisco
One 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: Tenderloin Family Housing Apartments
ALLOCATION AWARD DATE: September 18, 2013
ALLOCATION AWARD AMOUNT: \$22,000,000

| | | | | |
|--------------------|------------------------------|---|-----|-----------------|
| <u>AMOUNT DUE:</u> | Allocation award x .00035 | = | \$ | 7,700.00 |
| | Less initial application fee | = | -\$ | 600.00 |
| | Amount Due | = | \$ | 7,100.00 |

Issuer or bond trustee to complete the following (please use ink):

BOND ISSUANCE DATE:
PRINCIPAL AMOUNT OF BOND ISSUE: \$
AMOUNT OF BOND ALLOCATION USED: \$

The application fee is based on the amount of allocation used to issue bonds. Please complete the following *only if* the amount of allocation used is less than the amount of allocation awarded, and remit the *revised* amount due.

| | | | | |
|----------------------------|------------------------------|---|-----|--------|
| <u>REVISED AMOUNT DUE:</u> | Amount issued x .00035 | = | \$ | |
| | Less initial application fee | = | -\$ | 600.00 |
| | Revised Amount Due | = | \$ | |

**PLEASE WRITE APPLICATION NUMBER ON YOUR CHECK, OR
RETURN A COPY OF THIS INVOICE WITH YOUR PAYMENT.**

FUNDING LOAN AGREEMENT

by and among

UNION BANK, N.A. as Fiscal Agent,

UNION BANK, N.A. as Funding Lender,

and

CITY AND COUNTY OF SAN FRANCISCO, as Governmental Lender

dated as of November 1, 2013

relating to:

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

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EXHIBIT A FORM OF GOVERNMENTAL LENDER NOTE

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EXHIBIT C FORM OF WRITTEN REQUISITION OF THE BORROWER

EXHIBIT D CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS

FUNDING LOAN AGREEMENT

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

RECITALS

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

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

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

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

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

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

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

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

ARTICLE I

DEFINITIONS AND INTERPRETATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“**Fiscal Agent’s Fees**”

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

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

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

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

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

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

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

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

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

“**Maturity Date**” means [_____].

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

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

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

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

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

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

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

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

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

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

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

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

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

1.2 Interpretation. Unless the context clearly requires otherwise, words of masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Funding Loan Agreement and all the terms and

provisions hereof shall be construed to effectuate the purpose set forth herein and to sustain the validity hereof.

1.3 Recitals, Titles and Headings. The terms and phrases used in the recitals of this Funding Loan Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all such terms and phrases for purposes of this Funding Loan Agreement shall be determined by references to Section 1.1 hereof. The titles and headings of the articles and sections of this Funding Loan Agreement have been inserted for convenience of reference only and are not to be considered a part hereof, and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Funding Loan Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

ARTICLE II

TERMS; GOVERNMENTAL LENDER NOTE

2.1 Terms.

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

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

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

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

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

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

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

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

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

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

2.4 Investor Letter; Participations; Sale and Assignment.

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

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

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

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

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

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

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

ARTICLE III

REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV
THE FUNDING LOAN

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

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

(b) no Event of Default nor any event which with the passage of time and/or the giving of notice would constitute an Event of Default under this Funding Loan Agreement shall have occurred as evidenced by a certificate received from the Governmental Lender;

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

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

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

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

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

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

4.4 Disbursement of Funding Loan Proceeds.

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

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

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

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

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

ARTICLE V **LIMITED LIABILITY**

5.1 Source of Payment of Funding Loan and Other Obligations.

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

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

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

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

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

ARTICLE VI

FURTHER AGREEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6.8 Immunities and Limitations of Responsibility of Governmental Lender.

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

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

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

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

ARTICLE VII **SECURITY**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE VIII **AGENCY**

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

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

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

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

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

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

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

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

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

ARTICLE IX

FUNDS AND ACCOUNTS

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

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

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

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

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

9.4 Note Payment Fund.

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

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

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

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

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

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

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

9.5 Expense Fund.

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

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

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

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

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

9.6 Project Fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE X

THE FISCAL AGENT

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

10.2 Certain Duties and Responsibilities of Fiscal Agent.

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

(b) [Reserved].

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10.5 Not Responsible for Recitals.

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

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

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

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

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

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

10.8 Compensation and Reimbursement.

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

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

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

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

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

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

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

10.10 Resignation and Removal; Appointment of Successor.

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

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

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

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

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

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

10.11 Acceptance of Appointment by Successor.

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

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

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

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

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

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

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

ARTICLE XI
EVENTS OF DEFAULT AND REMEDIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE XII
MISCELLANEOUS

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

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

If to the Governmental Lender

Mayor's Office of Housing
1 South Van Ness Avenue, 5th Floor,
San Francisco, CA 94103
Attention: Director
Facsimile: (415) 701-5501
Telephone: (415) 701-5500

If to the Borrower:

Tenderloin Family Housing, L.P.
c/o Chinatown Community Development Center,
Inc.
1515 Vallejo Street, 4th Floor
San Francisco, CA 94109
Attention: []
Facsimile: (415) 929-1499
Telephone: (415) []

With a copy to:

Gubb & Barshay LLP
50 California Street, Suite 3155
San Francisco, CA 94111
Attention: Scott Barshay
Telephone: 415-781-6600
Facsimile: 415-781-6967

If to the Funding Lender:

Union Bank, N.A.,
Commercial Real Estate Loan Administration
145 S. State College Boulevard, Suite 600
Brea, California 92821

Fax: []
Attention: Manager

with copy to:

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

If to the Fiscal Agent:

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

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

12.4 Severability. If any provision of this Funding Loan Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

12.5 Execution of Counterparts. This Funding Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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

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

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

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

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

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

UNION BANK, N.A., as Funding Lender

By: _____
Authorized Signatory

UNION BANK, N.A., as Fiscal Agent

By: _____
Authorized Signatory

CITY AND COUNTY OF SAN FRANCISCO

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

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
Deputy City Attorney

EXHIBIT A

FORM OF GOVERNMENTAL LENDER NOTE

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

Dated [Closing Date]

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

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

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

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

Exhibit A

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

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

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

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

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

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

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

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

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

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

OBLIGOR:

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Edwin M. Lee
Mayor

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
Deputy City Attorney

EXHIBIT B

FORM OF INVESTOR'S LETTER

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

[], as Holder

By: _____
Name: _____
Its: _____

EXHIBIT C

FORM OF WRITTEN REQUISITION OF THE BORROWER

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

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

2. The undersigned certifies that:

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

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

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

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

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

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

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

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

Dated: _____

BORROWER:

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

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

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

By: _____
Norman Fong
Executive Director

APPROVED:

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

By: _____
Name: _____
Title: _____

EXHIBIT D

CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS

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

Section 1. Nondiscrimination; Penalties.

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

(ii) *Subcontracts.* The Fiscal Agent and the Funding Lender shall incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from the City) and shall require all subcontractors to comply with such provisions. The Fiscal Agent or the Funding Lender's failure to comply with the obligations in this subsection shall constitute a material breach of this Funding Loan Agreement.

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

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

(v) *Incorporation of Administrative Code Provisions by Reference.* The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section

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

Section 2. Local Business Enterprise Utilization; Liquidated Damages.

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

(ii) *Compliance and Enforcement.* If Fiscal Agent or the Funding Lender willfully fails to comply with any of the provisions of the LBE Ordinance, the rules and regulations implementing the LBE Ordinance, or the provisions of this Funding Loan Agreement pertaining to LBE participation, Fiscal Agent and the Funding Lender shall be liable for liquidated damages in an amount equal to Fiscal Agent or the Funding Lender's net profit on this Funding Loan Agreement, or 10% of the total amount of this Funding Loan Agreement, or \$1,000, whichever is greatest. The Director of the Governmental Lender's Human Rights Commission or any other public official authorized to enforce the LBE Ordinance (separately and collectively, the "Director of HRC") may also impose other sanctions against Fiscal Agent or the Funding Lender authorized in the LBE Ordinance, including declaring the Fiscal Agent or the Funding Lender to be irresponsible and ineligible to contract with the Governmental Lender for a period of up to five years or revocation of the Fiscal Agent or the Funding Lender's LBE certification. The Director of HRC will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to Administrative Code §14B.17.

By entering into this Funding Loan Agreement, Fiscal Agent and the Funding Lender acknowledge and agree that any liquidated damages assessed by the Director of the HRC shall be payable to Governmental Lender upon demand. Fiscal Agent and the Funding Lender further acknowledge and agree that any liquidated damages assessed may be withheld from any monies due to Fiscal Agent or the Funding Lender on any contract with Governmental Lender.

Fiscal Agent and the Funding Lender agrees to maintain records necessary for monitoring its compliance with the LBE Ordinance for a period of three years following termination or expiration of this Funding Loan Agreement, and shall make such records available for audit and inspection by the Director of HRC or the Controller upon request.

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

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

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

Section 6. Drug-Free Workplace Policy. The Fiscal Agent and the Funding Lender acknowledge that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. The Fiscal Agent and the Funding Lender agree that any violation of this prohibition by the Fiscal Agent or the Funding Lender, its employees, agents or assigns will be deemed a material breach of this Funding Loan Agreement.

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

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

Section 8. Sunshine Ordinance. In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between the City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

Section 9. Limitations on Contributions. Through execution of this Funding Loan Agreement, the Fiscal Agent and the Funding Lender acknowledge that it is familiar with Section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. The Fiscal Agent and the Funding Lender acknowledge that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. The Fiscal Agent and the Funding Lender further acknowledge that the prohibition on contributions applies to each prospective party to the contract; each member of the Fiscal Agent or the Funding Lender's board of directors; the Fiscal Agent or the Funding Lender's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in the Fiscal Agent or the Funding Lender; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by the Fiscal Agent or the Funding Lender. Additionally, the Fiscal Agent and the Funding Lender acknowledge that the Fiscal Agent and the Funding Lender must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. The Fiscal Agent and the Funding Lender further agree to provide to the City the names of each person, entity or committee described above.

Section 10. Requiring Minimum Compensation for Covered Employees. The Fiscal Agent and the Funding Lender agree to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Sections 12P.5 and 12P.5.1 of Chapter 12P are incorporated herein by reference and made a part of this Funding Loan Agreement as though fully set forth. The text of the MCO is available on the web at www.sfgov.org/olse/mco. A partial listing of some of the

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

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

(ii) The Fiscal Agent and the Funding Lender shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

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

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

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

(vi) The Fiscal Agent and the Funding Lender understand and agree that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms

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

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

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

Section 11. Requiring Health Benefits for Covered Employees. The Fiscal Agent and the Funding Lender agree to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Section 12Q.5.1 of Chapter 12Q are incorporated by reference and made a part of this Funding Loan Agreement as though fully set forth herein. The text of the HCAO is available on the web at www.sfgov.org/olse. Capitalized terms used in this Section and not defined in this Funding Loan Agreement shall have the meanings assigned to such terms in Chapter 12Q.

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

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

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

pursue such cure to completion, the City shall have the right to pursue the remedies set forth in 12Q.5.1 and 12Q.5(f)(1-6). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

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

(v) The Fiscal Agent and the Funding Lender shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying the City or the City with regard to the Fiscal Agent or the Funding Lender's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

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

(vii) The Fiscal Agent and the Funding Lender shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the Funding Loan Agreement.

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

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

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

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

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

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

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

Section 13. Protection of Private Information. The Fiscal Agent and the Funding Lender have read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information," and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. The Fiscal Agent and the Funding Lender agree that any failure of the Fiscal Agent or the Funding Lender to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of this Funding Loan Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate this Funding Loan Agreement, bring a false claim action against the Fiscal Agent or the Funding Lender pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Fiscal Agent or the Funding Lender.

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

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

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

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

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

Section 16. Conflict of Interest. Through its execution of this Funding Loan Agreement, the Fiscal Agent and the Funding Lender acknowledge that it is familiar with the provision of Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Funding Loan Agreement.

Section 17. Food Service Waste Reduction Requirements. The Fiscal Agent and the Funding Lender agree to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Funding Loan Agreement as though fully set forth. This provision is a material term of this Funding Loan Agreement. By entering into this Funding Loan Agreement, the Fiscal Agent and the Funding Lender agree that if it breaches this provision, the City will suffer actual damages that will be impractical or extremely difficult to determine; further, the Fiscal Agent and the Funding Lender agree that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that the City will incur based on the violation, established in light of the circumstances existing at the time this Funding Loan Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by the City because of the Fiscal Agent or the Funding Lender's failure to comply with this provision.

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

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

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

BORROWER LOAN AGREEMENT

by and among

CITY AND COUNTY OF SAN FRANCISCO

as Governmental Lender,

UNION BANK, N.A.,

as Funding Lender

and

TENDERLOIN FAMILY HOUSING, L.P.

a California limited partnership,

as Borrower

Dated: December 1, 2013

relating to:

\$20,915,874

**City and County of San Francisco
Multifamily Housing Revenue Note,
(Tenderloin Family Housing)
2013 Series C**

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BORROWER LOAN AGREEMENT

THIS BORROWER LOAN AGREEMENT (this "Borrower Loan Agreement" or this "Agreement") is entered into as of December 1, 2013 among the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation organized and existing under the laws of the State of California (together with its successors and assigns, the "Governmental Lender"), TENDERLOIN FAMILY HOUSING, L.P., a California limited partnership (together with its successors and assigns, the "Borrower"), and UNION BANK, N.A., in its capacity as the funding lender hereunder (together with any successor to its rights, duties and obligations hereunder, the "Funding Lender").

RECITALS

WHEREAS, Borrower has requested that Governmental Lender provide a construction and permanent loan to Borrower to finance the construction of the Improvements on the Real Property; and

WHEREAS, Borrower owns or will own, concurrently with the first loan disbursement under this Agreement, the Real Property; and

WHEREAS, Borrower intends to construct an affordable housing apartment project on the Real Property; and

WHEREAS, Governmental Lender, Funding Lender, in its capacity as funding lender, and Union Bank, N.A., in its capacity as fiscal agent, have entered into the Funding Loan Agreement, dated as of December 1, 2013 (the "Funding Loan Agreement") whereby Funding Lender has agreed to make the Funding Loan to Governmental Lender for the sole purpose of making funds available to the Governmental Lender to make the Borrower Loan to Borrower pursuant to this Agreement in the manner and on the terms set forth in the Funding Loan Agreement, which terms include, without limitation, the obligation of the Governmental Lender to make loan payments to the Funding Lender for amounts received by Governmental Lender from Borrower pursuant to this Agreement and the Borrower Note in repayment of the amounts loaned to Governmental Lender under the Funding Loan Agreement as evidenced by the Governmental Lender Note. Governmental Lender has irrevocably pledged and assigned to Funding Lender, as security for Governmental Lender's obligations to repay amounts due under the Governmental Lender Note and its obligations under the Funding Loan Agreement, all right, title and interest to the Borrower Loan Documents (other than the Reserved Rights, as defined in the Funding Loan Agreement), including all rights to payments with respect to the Borrower Note. Upon the execution of the Governmental Lender Note, all right, title and interest of Governmental Lender under and in the Borrower Loan (other than the Reserved Rights, as defined in the Funding Loan Agreement) will be assigned by Governmental Lender to Funding Lender pursuant to the Funding Loan Agreement and the Assignment of Deed of Trust; and

WHEREAS, All of the rights, powers, elections, determinations, remedies, duties and functions of Governmental Lender hereunder (other than the Reserved Rights, as defined in the Funding Loan Agreement) may be exercised and performed on behalf of Governmental Lender

by Funding Lender unless and until the assignment to Funding Lender is terminated, modified, assigned, in whole or in part, or otherwise amended in accordance with the provisions of the Funding Loan Agreement; and

WHEREAS, Subject to the execution of the Funding Loan Agreement and the terms and conditions of this Agreement, Governmental Lender is willing to make the Borrower Loan to Borrower; and

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**

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

1.1.1 Unless specifically defined herein, all capitalized terms shall have the meanings ascribed to thereto in the Funding Loan Agreement.

1.1.2 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.

1.1.3 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.

1.1.4 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."

"Acceptable Unit Lease" means a lease agreement on a lease form approved by Funding Lender which is entered into by and between Borrower and the lessee of a Unit and the terms (including the amount of rent payments) of which comply with the provisions of all Regulatory Agreements and the Subordinate Lender Documents.

"Act" shall mean the Charter of the City and County of San Francisco, Article I of Chapter 43 of the Administrative Code of the City of County of San Francisco Municipal Code and Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as amended.

"Advance" means each disbursement of proceeds of the Borrower Loan made pursuant to this Agreement.

"Aggregate Change Order Limit" means \$100,000.

“Agreement” means this Borrower Loan Agreement, dated as of December 1, 2013, among the Borrower, the Governmental Lender, and the Funding Lender.

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

“Allocation Committee” means the California Tax Credit Allocation Committee and any successor governmental agency appointed to carry out the obligations of the Allocation Committee.

“Amortization Date” means the first day of the calendar month after the Outside Conversion Date.

“Appraisal” means an appraisal or reappraisal of the Property (complying with Funding Lender’s appraisal policy) performed or to be performed by a certified real estate appraiser engaged by Funding Lender.

“Appraised Value” means the market value of the Property as determined by Funding Lender in its business judgment, reasonably exercised, based upon an Appraisal.

“Architect” means Paulett Taggart Architects or such other architect as may be approved by Funding Lender.

“Architect’s Agreement” means the agreement between Borrower and Architect relating to the design and construction of the Improvements.

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

“Assignment of Hedge” is defined in Section 7.49.5.

“Assignment of Partnership Interest (GP)” means an Assignment of Partnership Interest dated as of the Contract Date executed by each General Partner in favor of Governmental Lender and Funding Lender as additional collateral security for the performance of the Borrower’s obligations under the Borrower Loan Documents, assigning to Governmental Lender and Funding Lender all of each such General Partner’s rights as a general partner in Borrower.

“Assignment of Plans and Specifications” means the Assignment of Architect’s Agreement, Plans and Specifications dated as of the Contract Date executed by Borrower, in favor of Governmental Lender and Funding Lender, as the same may from time to time be amended, modified or supplemented.

“Assignment of Tax Credits and Partnership Interests” means an Assignment of Rights to Tax Credits and Partnership Interest dated as of the Contract Date executed by Borrower in favor of Governmental Lender and Funding Lender as additional collateral security

for the performance of Borrower's obligations under the Borrower Loan Documents, assigning to Governmental Lender and Funding Lender all of Borrower's rights under the Tax Credit Allocation Documents including, without limitation, the right to receive the Tax Credits set forth under the Tax Credit Allocation Documents and any interest Borrower may have in any partnership interest of Tax Credit Investor in the Borrower.

"Bonded Work" means offsite, common area, or other improvements required by a Governmental Authority or for which bonds may be required in connection with the development of the Real Property.

"Borrower" means Tenderloin Family Housing, L.P., and its successors and assigns.

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

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

"Borrower's Funds Account" means an account with Funding Lender into which Borrower's Funds shall be deposited as provided for in Section 7.2 or any other provision of this Agreement.

"Borrower Loan" means the loan in the maximum principal amount of \$20,915,874 made by the Governmental Lender to Borrower pursuant to this Agreement.

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

"Borrower Note" means the Promissory Note (Multifamily Housing Back to Back Loan Program) dated as of the Contract Date from Borrower, as maker, in favor of Governmental Lender in the original principal amount of the Borrower Loan.

"Business Day" means (i) Except as otherwise provided in clause (ii) below, a day which is not a Saturday or Sunday on which banks in the State of California are open for business for the funding of corporate loans, or (ii) for use only in connection with the definition of LIBOR Rate, a day which is both a New York Banking Day and a London Banking Day.

"Capital Improvement Reserve Account" means a non-interest bearing account established with Funding Lender by Borrower at the time of Conversion for the purpose of

funding any capital improvements which are necessary for the continued operation of the Property.

“**Cash Collateral Assignment and Security Agreement**” shall mean that certain Cash Collateral Assignment and Security Agreement dated December 1, 2013, by and among Borrower, Sponsor, Funding Lender, and Union Bank, N.A., as escrow agent, whereby the Sponsor will deposit with the escrow agent \$[1,000,000] of Sponsor Loan funds pursuant to the terms thereof.

“**Certification of Plans and Specifications**” means the Certification of Plans and Specifications dated as of the Contract Date from Borrower to Governmental Lender and Funding Lender, as the same may from time to time be amended, modified or supplemented.

“**Change Order**” means any change or supplement to the Plans, Construction Contract or subcontract as permitted by this Agreement.

“**Closing Date**” shall mean the date on which the Deed of Trust is recorded and the Initial Advance is made.

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

“**Collateral Agent**” shall mean the collateral agent pursuant to the Cash Collateral Assignment and Security Agreement.

“**Commercial Master Lease Agreement**” means the Commercial Master Lease Agreement [CHECK] by and between Borrower, as landlord, and Commercial Tenant, as tenant, covering the portion of the Project to be used as commercial retail space.

“**Commercial Master Lease Subordination Agreement**” means the Subordination Agreement executed by Borrower and Commercial Tenant in favor of Funding Lender and Governmental Lender pursuant to which the Commercial Master Lease Agreement is subordinated to the lien and effect of the Deed of Trust.

“**Commercial Tenant**” means _____ . [CHECK]

“**Completion Date**” means the date of Project Completion, which date shall not be later than December 31, 2014. [CHECK]

“**Conditions to Conversion**” means the conditions precedent to Conversion as listed in Section 3.2.2 below.

“**Consent to Assignment (LP)**” means a Consent to Assignment of Partnership Interest of even date of the Agreement executed by the Tax Credit Investor, consenting to the General Partner’s(s) assignment to Governmental Lender and Funding Lender of its general partnership interest in the Borrower as additional collateral security for the performance of the Borrower’s obligations under the Borrower Loan Documents.

“Construction Contract” means the agreement between Borrower and Contractor relating to the construction of the Improvements.

“Construction Costs” means all costs approved by Funding Lender relating to the construction of the Improvements or otherwise pertaining to the Property, as set forth in the Detailed Cost Breakdown.

“Construction Phase” means the period from the Closing Date through and including the date immediately preceding the Conversion Date.

“Contract Date” means December 1, 2013.

“Contractor” means James E. Roberts-Obayashi Corporation, or such other contractor as may be approved by Funding Lender, or Borrower acting in the capacity of general contractor.

“Conversion” means the conversion of the Borrower Loan from the Construction Phase to the Permanent Phase.

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

“Conversion Election Notice” means written notice delivered by Borrower to Funding Lender that Borrower has elected to convert the Borrower Loan from the Construction Phase to the Permanent Phase.

“Conversion Notice” means written notice delivered by Funding Lender to Borrower that the Conditions to Conversion have been fully satisfied.

“Debt Coverage Ratio” means the ratio of (i) the annual stabilized Net Operating Income for the Property during a particular period of time, to (ii) the assumed combined interest and principal payment for the Permanent Phase that would be required based upon the projected outstanding principal balance of the Note as of the Conversion Date, a fixed interest rate on the Borrower Note equal to the fixed rate of the Hedge (inclusive of the Margin) and monthly amortization payments on the Borrower Note based upon a three hundred sixty (360) month amortization period and any secondary financing permitted pursuant to the Borrower Loan Documents which is not payable solely from cash flows of the Project.

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

“Deed of Trust Assignment” means the Assignment of Deed of Trust and Related Documents dated as of the Contract Date by Governmental Lender in favor of Funding Lender.

“Default Rate” means a rate equal to 5% more than the Variable Rate.

“Detailed Cost Breakdown” means an itemized schedule on a component, unit and trade breakdown basis showing all costs and expenses required for construction of the Improvements in accordance with the Plans, which has been submitted to and approved by Funding Lender.

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

“Draw Request” means the certified invoice to be delivered by Borrower to Funding Lender as a condition to Governmental Lender making an Advance, in such form and certified by such parties as required by Funding Lender, together with such schedules, affidavits, releases, waivers, statements, invoices, bills, and other documents, certificates and information as may be required by Funding Lender.

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

“Event of Default” is defined in Section 8.

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

“Financial Statements” means balance sheets, income statements, statements of retained earnings with supporting schedules and such other financial reports as Funding Lender may require, in form and content acceptable to Funding Lender.

“Financing Statements” means all UCC financing statements required in connection with the Borrower Loan.

“First Payment Date” means January 1, 2014.

“Fiscal Agent” means the Fiscal Agent from time to time under the Funding Loan Agreement. Initially the Fiscal Agent shall be Union Bank, N.A.

“Funding Date” means the date on which the Initial Disbursement is made.

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

“Funding Loan Agreement” means the Funding Loan Agreement dated as of December 1, 2013 among the Governmental Lender, the Funding Lender and Fiscal Agent in connection with the issuance of the Governmental Lender Note.

“Funding Loan Documents” is defined in the Funding Loan Agreement.

“Governmental Lender Note” is defined in the Funding Loan Agreement.

“General Partner(s)” means Tenderloin Family Housing LLC, a California limited liability company.

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

“Governmental Lender” means the City and County of San Francisco.

“Governmental Requirement” means any law, statute, order, ordinance, rule, regulation, permit or act of a Governmental Authority.

“Gross Operating Income” means the sum of any and all payments, fees, rentals, additional rentals (but specifically excluding any amounts received from tenant-based vouchers or other rent subsidies in excess of then maximum rents permitted under the Regulatory Agreements), expense reimbursements (including, without limitation, all reimbursements by tenants, subtenants, licensees and other users of the Property), income, interest, and other monies received directly or indirectly by or on behalf of Borrower from any Person with respect to Borrower’s ownership, use, development or operation of the Property, including, without limitation, any leasing or licensing of the Property. Gross Operating Income shall be computed on a cash basis and shall include for each monthly statement all amounts actually received in such month whether or not such amounts are attributable to a charge arising in such month.

“Guarantor” means any Person who executes a Guaranty in connection with the Borrower Loan.

“Guaranty” means Funding Lender’s standard form Loan and Completion Guaranty, Loan Guaranty, Completion Guaranty or Interest and Maintenance Guaranty, as the case may be entered into in connection with the Borrower Loan.

“Hedge” is defined in Section 7.49.

“Hedge Documents” is defined in Section 7.49.

“Improvements” shall mean the 175-unit multifamily residential project to be constructed, equipped and improved upon the Real Property and known or to be known as Tenderloin Family Housing, 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 Detailed Cost Breakdown and the Plans.

"Indemnified Parties" shall have the meaning ascribed to it in Section 7.24 below.

"Indemnity Agreement" means any Indemnity Agreement entered into in connection with the Borrower Loan.

"Initial Disbursement" means the initial Advance made by Governmental Lender to Borrower pursuant to this Agreement.

"Interest Change Date" means the First Payment Date and the first day of each calendar month thereafter.

"Interest Period" means the period of time from one Interest Change Date to (but excluding) the next Interest Change Date or the Maturity Date, as the case may be.

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

"Late Charge" means an amount equal to 6% of any delinquent payment of amounts due from Borrower under the Borrower Loan Documents.

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

"LIBOR Rate" means as of any given date, a per annum rate of interest equal to the rate for U.S. Dollar deposits for a period of one month or, for the Stub Period, for a period equal to the number of days in the Stub Period which appears on the Reuters Screen LIBOR01 Page as of 11:00 a.m., London time, on the day that is two Business Days preceding such date. Should the LIBOR Rate cease to be available for any reason, then said rate shall be replaced by a rate which, in the sole discretion of Funding Lender, most closely approximates the unavailable LIBOR Rate.

"Limited Partner" means Union Bank, N.A.

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

"Loan Fee" means \$135,953.18. [CHECK]

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

"Loan-to-Value Ratio" means the ratio of (i) then outstanding indebtedness in connection with the Borrower Loan and any secondary financing permitted pursuant to the Borrower Loan Documents to (ii) the Appraised Value of the Property.

“London Banking Day” means a day in which dealings in U.S. Dollar deposits in London, England may be carried on by Funding Lender.

“Margin” means 1.5% prior to the Conversion Date and 2.00% on and after the Conversion Date.

“Maturity Date” means June 1, 2030. [CHECK]

“Maximum Lawful Rate” 12%.

“MOH” means the City of San Francisco Mayor’s Office of Housing.

“MOH Deed of Trust” means the deed of trust executed by Borrower for the benefit of MOH, encumbering the Project and securing repayment of amounts owing under the MOH Note, the lien of which is to be subject and subordinate to the lien of the Deed of Trust.

“MOH Documents” means the MOH Note, the MOH Deed of Trust, the MOH Subordination Agreement, the MOH Loan Agreement, the MOH Restrictions and all other documents and instruments evidencing, securing or pertaining to the MOH Loan.

“MOH Loan” means the \$660,000 [CHECK] loan made by MOH to Borrower pursuant to the terms of the MOH Loan Agreement to cover, among other things, certain _____ [CHECK] costs for the Project.

“MOH Loan Agreement” means the Loan Agreement [CHECK] entered into by and between Borrower and MOH pursuant to the terms of which MOH shall make to Borrower the MOH Loan.

“MOH Note” means the \$660,000 [CHECK] Promissory Note Secured by Deed of Trust [CHECK], made by Borrower to the order of the MOH, evidencing all amounts disbursed under the MOH Loan.

“MOH Restrictions” That certain _____ [CHECK] dated _____, [CHECK] executed by Borrower for the benefit of MOH in connection with the MOH’s making the MOH Loan.

“MOH Subordination Agreement” means a Subordination Agreement in form and substance satisfactory to Funding Lender, executed by MOH and Funding Lender, and joined by Borrower, pursuant to which MOH shall unconditionally subordinate the lien and effect of the MOH Deed of Trust and the MOH Restrictions to the lien and effect of the Deed of Trust.

“Net Operating Income” means Gross Operating Income less Operating Expenses.

“New York Banking Day” means a day which is not a Saturday or Sunday on which banks in New York City, New York are open for business for the funding of corporate loans.

“Offsite Materials” means materials to be incorporated into the Improvements or used in connection with the construction of the Improvements that are stored at a location other than the Real Property.

“Onsite Materials” means materials to be incorporated into the Improvements or used in connection with the construction of the Improvements that are stored on the Real Property.

“Operating Expenses” means the following expenses to the extent that such expenses are reasonable in amount and customary for properties of a type similar to the Property, as determined by Funding Lender in its sole discretion: (A) real property taxes and assessments imposed upon the Property, (B) premiums for insurance of the Property, including casualty and liability insurance, (C) reserves for capital expenditures, leasing commissions and tenant improvements, as determined by Funding Lender in its business judgment, reasonably exercised, and (D) the greater of (i) operating expenses actually incurred by Borrower in connection with the management, operation, cleaning, leasing, maintenance and repair of the Property or any part thereof, and (ii) the operating expenses set forth in the Appraisal. Operating Expenses shall be calculated on an accrual basis and shall not include any interest or principal payments due in respect of the Borrower Loan or any allowance for depreciation and similar noncash charges.

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

“Outside Conversion Date” means June 1, 2015.

“Partnership Agreement” means Borrower’s agreement of limited partnership, as the same may be amended from time to time.

“Paydown Amount” means the amount by which (a) the current outstanding principal amount of the Note, plus all accrued but unpaid interest thereon, exceeds (b) the lesser of (i) the Projected Permanent Phase Loan Amount and (ii) the maximum outstanding principal balance of the Borrower Loan in order for the Property to satisfy the Debt Coverage Ratio pursuant to Exhibit D (o) as of the Conversion Date, which Paydown Amount shall be applied towards the payment of principal balance outstanding and accrued and unpaid interest under the Borrower Loan and all other amounts due and owing under the Borrower Loan Documents and the Funding Loan Documents.

“Permanent Phase” means the period from the Conversion Date and ending on the Maturity Date.

“Permitted Liens” means any easements and restrictions listed in a schedule of exceptions to coverage in the Title Policy as required by the Borrower Loan Documents.

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

“Personal Property” means any tangible or intangible personal property described in the Deed of Trust or Security Documents that is security for the Borrower Loan.

“Plans” means the final plans and specifications for construction of the Improvements (including any applicable general conditions), prepared by Architect and approved by Funding Lender as required herein, and all amendments and modifications thereof made pursuant to Change Orders.

“Preliminary Reservation” means that certain Tax Exempt Reservation Letter dated December 12, 2012, issued by the Allocation Committee.

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

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

“Projected Permanent Phase Loan Amount” means \$7,159,000.

“Property or Project” means the Real Property, the Improvements and the Personal Property.

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

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

“Real Property” means that certain real property described in Exhibit A hereto.

“Recorded Documents” means the Regulatory Agreements, the Deed of Trust, the Deed of Trust Assignment, and the Subordination Agreements.

“Regulatory Agreements” means all regulatory agreements and restrictions (including, without limitation, the Tax-Exempt Regulatory Agreement, the Extended Use Agreement, the MOH Restrictions, the TCAC Regulatory Agreement and the RHCP Restrictions) now or hereafter encumbering the Property setting forth restrictions with respect to the leasing, maintenance and use of the Units.

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

“RHCP Assignment and Assumption Agreement” shall mean that certain assignment and assumption agreement whereby Seller assigned, and Borrower assumed, all of its right, title and interest in the RHCP Documents to Borrower.

“RHCP Lender” means the State of California Housing and Community Development Department.

“RHCP Deed of Trust” means the deed of trust executed by Seller for the benefit of RHCP Lender, encumbering the Project and securing repayment of amounts owing under the RHCP Note, the lien of which is to be subject and subordinate to the lien of the Deed of Trust.

“RHCP Documents” means the RHCP Note, the RHCP Deed of Trust, the RHCP Subordination Agreement, the RHCP Loan Agreement, RHCP Restrictions, RHCP Assignment and Assumption Agreement and all other documents and instruments evidencing, securing or pertaining to the RHCP Loan.

“RHCP Loan” means the \$14,445,456 [CHECK] loan made by RHCP Lender to Seller pursuant to the terms of the RHCP Loan.

“RHCP Loan Agreement” means the Loan Agreement [CHECK] entered into by and between Seller and RHCP Lender pursuant to the terms of which RHCP Lender made to Seller the RHCP Loan.

“RHCP Note” means the \$14,445,456 [CHECK] Promissory Note Secured by Deed of Trust [CHECK], made by Seller to the order of the RHCP Lender, evidencing all amounts disbursed under the RHCP Loan.

“RHCP Restrictions” That certain Rental Housing Construction Program Regulatory Agreement dated June 8, 1992, executed Seller, for the benefit of RHCP Lender, and recorded on June 10, 1994, in Reel F645, Image 1055 under Recorder’s Serial Number F136624, in the official records of San Francisco County, California, as amended. in connection with the RHCP Lender’s making the RHCP Loan.

“RHCP Subordination Agreement” means a Subordination Agreement in form and substance satisfactory to Funding Lender, executed by RHCP Lender and Funding Lender, and joined by Borrower, pursuant to which RHCP Lender shall unconditionally subordinate the lien and effect of the RHCP Deed of Trust and RHCP Restrictions to the lien and effect of the Deed of Trust.

“Security Documents” means any agreements granting a security interest in collateral securing the Borrower Loan other than the Deed of Trust, including without limitation, assignments and consents to assignments of the Architect’s Agreement, Construction Contract, if any, Plans, any property management agreement or asset management agreement, the Assignment of Tax Credits and Partnership Interests, the Assignment of Partnership Interest

(GP), the Cash Collateral Assignment and Security Agreement, and the Assignment of Hedge (if any).

“Seller” means 201 Turk Street, L.P., a California limited partnership.

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

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

“Seller Loan” means the \$1,000,000 [CHECK] loan made by Seller to Borrower, which loan funds shall be sourced from an AHP loan to Seller, pursuant to the terms of the Seller Documents to cover, among other things, certain acquisition costs for the Project.

“Seller Note” means the \$1,000,000 [CHECK] Seller Carryback Note [CHECK], made by Borrower to the order of the Seller, evidencing all amounts disbursed under the Seller Loan.

“Seller Subordination Agreement” means a Subordination Agreement in form and substance satisfactory to Funding Lender, executed by Seller and Funding Lender, and joined by Borrower, pursuant to which Seller shall unconditionally subordinate the lien and effect of the Seller Deed of Trust to the lien and effect of the Deed of Trust.

“Set Aside Letter” means any letter or letters to any Governmental Authority or Surety whereby Funding Lender agrees to allocate proceeds of the Borrower Loan for construction of Bonded Work.

“Single Change Order Limit” means \$50,000.

“Sponsor” means the Chinatown Community Development Center, Inc., a California nonprofit public benefit corporation.

“Sponsor Deed of Trust” means the Deed of Trust with Assignment of Rents executed by Borrower for the benefit of Sponsor, encumbering the Project and securing repayment of amounts owing under the Sponsor Note, the lien of which is to be subject and subordinate to the lien of the Deed of Trust.

“Sponsor Documents” means the Sponsor Note, the Sponsor Deed of Trust, the Sponsor Subordination Agreement, the Sponsor Loan Agreement and all other documents and instruments evidencing, securing or pertaining to the Sponsor Loan.

“Sponsor Loan” means the \$1,531,950 [CHECK] loan made by Sponsor to Borrower pursuant to the terms of the Sponsor Loan Agreement to cover, among other things, certain costs for the Project.

“Sponsor Loan Agreement” means the Loan Agreement entered into by and between Borrower and Sponsor pursuant to the terms of which Sponsor shall make to Borrower the Sponsor Loan.

“Sponsor Note” means the \$1,531,950 [CHECK] Promissory Note Secured by Deed of Trust, made by Borrower to the order of the Sponsor, evidencing all amounts disbursed under the Sponsor Loan.

“Sponsor Subordination Agreement” means a Subordination Agreement in form and substance satisfactory to Funding Lender, executed by Sponsor and Funding Lender, and joined by Borrower, pursuant to which Sponsor shall unconditionally subordinate the lien and effect of the Sponsor Deed of Trust to the lien and effect of the Deed of Trust.

“Stub Period” means the period from the Funding Date through (but excluding) the first day of the calendar month following such date.

“Subordination Agreement(s)” means, collectively, the RHCP Subordination Agreement, MOH Subordination Agreement, Seller Subordination Agreement, Sponsor Subordination Agreement, TCAC Subordination Agreement and Master Lease Subordination Agreement.

“Subordinate Lender” means, collectively, MOH, RHCP Lender, Seller, and Sponsor.

“Subordinate Lender Document(s)” means, collectively, the RHCP Documents, MOH Documents, Seller Documents and Sponsor Documents.

“Subordinate Lender Loan” means, collectively, the RHCP Loan, MOH Loan, Seller Loan and Sponsor Loan.

“Surety” means the bonding company that issues the bonds covering the Bonded Work.

“Tax Certificate” means the Tax Certificate and Agreement, dated the Closing Date, between the Borrower and the Governmental Lender.

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

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

“Tax Credit Application” means the 2012 Low-Income Housing Tax Credit Application submitted to the Allocation Committee to apply for Tax Credits with respect to the Project.

“Tax Credit Investor” means Union Bank, N.A.

“Tax Credits” means low income housing tax credits to be allocated under Section 42 of the Code pursuant to the terms of the Tax Credit Documents.

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

“TCAC Regulatory Agreement” means that certain Regulatory Agreement dated December 15, 1993, by and between the Allocation Committee and Seller, whose interest was subsequently assigned to Borrower, [CHECK] and recorded on September 9, 1994, as Document No. 94-F668177-00 in the official records of San Francisco County, California, as amended.

“TCAC Subordination Agreement” means a Subordination Agreement in form and substance satisfactory to Funding Lender, executed by TCAC and Funding Lender, and joined by Borrower, pursuant to which TCAC shall unconditionally subordinate the lien and effect of the TCAC Regulatory Agreement to the lien and effect of the Deed of Trust.

“Title Insurer” means Old Republic Title Company.

“Title Policy” means an ALTA LP-10 Policy of Title Insurance or its equivalent acceptable to Funding Lender, naming Governmental Lender and Funding Lender as insured, with a liability limit of not less than the amount of the Borrower Loan, issued by Title Insurer, insuring that the Deed of Trust constitutes a valid first lien on the Real Property and Improvements, with only such exceptions from its coverage as shall have been approved in writing by Funding Lender, with such reinsurance or coinsurance agreements or endorsements to such policy as Funding Lender may require.

“Transfer” means any sale, lease or other transfer of any interest to any other Person.

“Unit(s)” means the 175 apartment units constituting the Improvements.

“Variable Rate” means a rate of Interest which bears interest with reference to a LIBOR Rate, pursuant to Section 3.1.2.

“Variable Rate Principal” means the outstanding principal balance of the Borrower Loan that is bearing interest at a Variable Rate.

ARTICLE II LOAN

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

2.2 Loan Terms and Conditions. Subject to the terms and conditions contained in this Agreement, as may be modified by the provisions of Exhibit C and Section 3.03 [CHECK] of the Funding Loan Agreement, Governmental Lender agrees to make the Borrower Loan to Borrower. The repayment of all amounts due in connection with the Borrower Loan shall be secured by, among other things, the Deed of Trust, the Security Documents and such other collateral as may be required by Funding Lender. Interest shall accrue and principal and interest shall be payable in accordance with the terms of this Agreement.

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

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

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

ARTICLE III **PAYMENTS; CONVERSION**

3.1 Payments.

3.1.1 General Obligation. To induce Governmental Lender to issue the Governmental Lender Note, Borrower shall pay to Funding Lender all amounts, including principal, interest and premium (if any) that become due and payable on the Governmental Lender Note, as and when such amounts become due and payable under the Governmental Lender Note. Without limitation on the foregoing, Borrower shall also pay to Funding Lender when due all other amounts described in this Agreement, as and when due and payable under this Agreement. Each such payment shall be made to the Fiscal Agent by deposit to such account as the Fiscal Agent shall designate by written notice to the Borrower.

3.1.2 Interest.

(a) At all times from and after the Funding Date to (but excluding) the Conversion Date, the outstanding principal balance of the Borrower Loan shall accrue interest at a rate which is the LIBOR Rate plus the Margin (applicable during the Construction Phase) for the then current Interest Period. The Variable Rate for the next Interest Period shall change on each Interest Change Date based on changes in the LIBOR Rate. There is no limit on the amount the Variable Rate may increase or decrease during the term of the Borrower Loan.

(b) At all times from and after the Conversion Date, the outstanding principal balance of the Borrower Loan shall accrue interest at a rate which is the LIBOR Rate plus the Margin (applicable during the Permanent Phase) for the then current Interest Period. The Variable Rate for the next Interest Period shall change on each Interest Change Date based on changes in the LIBOR Rate. There is no limit on the amount the Variable Rate may increase or decrease during the term of the Borrower Loan.

(c) At all times after the occurrence and during the continuance of an Event of Default, all principal outstanding under the Borrower Note shall accrue interest at the Default Rate.

3.1.3 Monthly Payments.

(a) Commencing on the First Payment Date and continuing on the 1st day of each calendar month thereafter through and including the Outside Conversion Date, payments in respect of the Borrower Loan shall be interest only, in arrears, on the outstanding principal of the Borrower Note at the Variable Rate. Interest shall be calculated on the basis of a year of 360 days, for actual days elapsed, prior to the Outside Conversion Date.

(b) Commencing on the Amortization Date and on the 1st day of each calendar month thereafter through the Maturity Date, Borrower shall pay to Funding Lender monthly installments of principal with respect to the Borrower Note as set forth on Schedule 1 to be attached hereto and incorporated herein by this reference (the "Principal Payments"), plus interest accrued for the applicable Interest Period on the principal balance outstanding from time to time on the Borrower Note at the Variable Rate. Said principal and interest payments are hereinafter collectively referred to as the "Regular Payments" and are subject to change as and when the Variable Rate changes. The Regular Payments will be applied first to accrued but unpaid interest then due, and then to principal. A payment will be treated as made on the date it is received. At Conversion, Schedule 1 shall be prepared by Funding Lender and attached to this

Agreement and shall consist of a schedule of the monthly installments of principal required to fully amortize the outstanding principal balance of the Borrower Note owing on the Conversion Date, assuming equal monthly payments of principal and interest, an amortization period of three hundred sixty (360) months and a fixed rate of interest equal to the fixed rate or maximum interest rate of the Hedge in effect as of the Conversion Date. Funding Lender shall provide Borrower with a copy of Schedule 1 once it is prepared by Funding Lender, but the effectiveness and date of such payment shall not be affected by such notice or lack thereof. Funding Lender's determination of said Regular Payments shall be conclusive absent manifest error. All computations of interest shall be made on the basis of a year of 360 days, for actual days elapsed. On the Maturity Date, all principal and accrued interest then outstanding shall be immediately due and payable.

3.2 Conversion; Termination.

3.2.1 Not later than 30 days prior to the earlier to occur of the proposed Conversion Date or the Outside Conversion Date, Borrower shall deliver the Conversion Election Notice to Funding Lender. The Conversion Election Notice shall be accompanied by (a) a written certification by Borrower to Funding Lender that all of the Conditions to Conversion have been fully satisfied; (b) a rent roll covering the Property for each of the three full calendar months immediately preceding the date of the Conversion Election Notice, certified by Borrower as true, correct and complete; (c) and operating statements for the Property for each of such three calendar months, in the form required by Funding Lender, and certified by Borrower to be true, correct and complete.

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

3.2.3 If, based upon the information delivered pursuant to Section 3.2.1 and such other information as Funding Lender may require as evidence of satisfaction of the Conditions to Conversion, Funding Lender determines that the Conditions to Conversion have been fully satisfied, Funding Lender shall deliver the Conversion Notice, which Conversion Notice shall state the Conversion Date.

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

3.2.5 If the Conditions to Conversion have not been fully satisfied prior to the Outside Conversion Date, as such date may be extended in accordance with this Agreement, Borrower shall pay to Funding Lender, on the Outside Conversion Date, the entire outstanding principal balance of the Borrower Loan, together with all accrued and unpaid interest thereon and other accrued and unpaid fees, costs and expenses owing under the Borrower Loan Documents and the Funding Loan Documents.

3.2.6 Non-Recourse After Conversion Date. From and after the Conversion Date, Governmental Lender and Funding Lender agree that Governmental Lender's and Funding Lender's recovery against Borrower in the event of a default under this Agreement, the Borrower Note or under any of the other Borrower Loan Documents shall be limited solely to, and Governmental Lender and Funding Lender shall only proceed against, the Trust Estate (as defined in the Deed of Trust), together with the rents, issues, profits and income therefrom and proceeds and products thereof, and any other collateral given as security for Borrower's performance under the Borrower Loan Documents, and in no event shall (i) Borrower be personally liable for the payment of the Borrower Note or for the payment of any deficiency established upon foreclosure and the sale of the Trust Estate, or (ii) any other assets of Borrower (or any general partner of Borrower) be subject to levy, execution or other enforcement procedure in connection with any such default. Notwithstanding the foregoing, Borrower (and each general partner of Borrower) shall be fully and personally liable to Governmental Lender and Funding Lender for the costs or damages arising from any of the following:

(a) gross negligence, fraud, willful misrepresentation or waste by Borrower, to the full extent of Governmental Lender's and Funding Lender's loss attributable thereto;

(b) any inaccuracy in or breach of any representation or warranty pertaining to any Hazardous Substances (as that term is defined in that certain Environmental Compliance Agreement (the "ECA") executed in favor of Governmental Lender and Funding Lender by Borrower concurrently herewith), any failure in the due, prompt and complete observance and performance of any covenant or other obligation imposed under or pursuant to the ECA, or the presence of any Hazardous Substance on, under or about the Trust Estate, whenever arising;

(c) failure to pay taxes, assessments or other charges which can create liens on any portion of the Trust Estate (to the full extent of any such taxes, assessments or other charges);

(d) any loss which would have been covered by insurance required to be maintained under the terms of any of the Borrower Loan Documents, which Borrower failed to maintain;

(e) failure to deliver to Funding Lender any funds which should have been paid to Funding Lender under the terms of the Borrower Loan Documents or the distribution of earnings or income from the Trust Estate in violation of the Borrower Loan Documents; or

(f) any loss resulting from any claim or cause of action by a contractor, material supplier or other person or entity entitled to file a mechanic's lien against the Trust Estate.

In addition, Borrower shall be fully and personally liable to Governmental Lender and Funding Lender for the full amount of the Borrower Loan and all other obligations evidenced by the Borrower Loan Documents in the event (i) all or any part of the Trust Estate, other assets of

Borrower or any ownership interest in Borrower is transferred in violation of the Borrower Loan Documents; or (ii) any voluntary or involuntary proceeding under any laws relating to bankruptcy, insolvency, reorganization, arrangement, debt adjustment or debtor relief is commenced by or against Borrower and, as to involuntary proceedings, is not dismissed within sixty (60) days.

The provisions hereof shall not be deemed to constitute a waiver of any obligation of Borrower or any other party or limitation of any kind of any right of Governmental Lender or Funding Lender at law or equity or under any guaranty or other Borrower Loan Documents, provided that the assertion by Governmental Lender or Funding Lender of any such right shall not result in a monetary claim upon the general unsecured assets of Borrower except as provided herein.

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

3.4 Application of Payments. All payments and prepayments received by Governmental Lender or Funding Lender pursuant to the terms hereof shall be applied in the following manner: first, to the payment of any Late Charge then due; second to the payment of all expenses, charges, costs and fees (including, but not limited to, the Prepayment Fee) incurred by or payable to Governmental Lender or Funding Lender by Borrower pursuant to the terms of the Borrower Loan Documents (in such order and manner as Funding Lender, in its sole discretion, may elect); third to the payment of all interest accrued to the date of such payment; and fourth, to the payment of principal. Notwithstanding anything to the contrary contained herein, after the occurrence and during the continuation of an Event of Default, all amounts received by Governmental Lender and Funding Lender from any party shall be applied in such order as Funding Lender in its sole discretion, may elect.

3.5 Acceleration. If any of the payments required by the terms hereof shall not be paid when due and such failure shall continue beyond any applicable notice and cure periods, or if the payment due on the Maturity Date is not paid when due, whether by acceleration or otherwise, or if an Event of Default occurs, then, or at any time thereafter, the whole of the unpaid principal and interest owing on the Borrower Loan shall, at the option of Funding Lender and without notice, become immediately due and payable. This acceleration option may be exercised at any time after any such event and the acceptance of one or more installments or other payments from any Person thereafter shall not constitute a waiver of Funding Lender's acceleration option. Funding Lender's failure to exercise such acceleration option in connection with any particular event or series of events shall not be construed as a waiver of the provisions hereof as regards such events or any subsequent events. The other Borrower Loan Documents may contain provisions that provide for the automatic acceleration of amounts owing in connection with the Borrower Loan upon the occurrence of certain specified events. Funding Lender shall have, and be entitled to exercise, upon the occurrence of any Event of Default or other event described above, all rights and remedies available to Funding Lender hereunder, under the other Borrower Loan Documents or Funding Loan Documents or at law or in equity. All such rights and remedies shall be cumulative.

3.6 Late Charge; Default Interest. Borrower recognizes that any default by Borrower in making the payments required under the Borrower Loan Documents when due will result in Governmental Lender and Funding Lender incurring additional expense in servicing the Borrower Loan, in loss of the use of the money due and in frustration of meeting commitments under the Funding Loan Documents. Borrower agrees that, if for any reason Borrower fails to pay when due any payment due under this Agreement or under any of the other Borrower Loan Documents, any amount advanced under the Deed of Trust or the amount due on the Maturity Date, or the accelerated Maturity Date, whichever shall first occur, Funding Lender shall be entitled to damages for the detriment caused thereby, but that it is extremely difficult and impractical to ascertain the extent of such damages. Borrower therefore agrees that a reasonable estimate of such damages to Funding Lender is as follows:

3.6.1 In the event Borrower fails to pay any installment of principal and interest (other than payment on the Maturity Date) within ten days after the same is due, then Borrower shall pay to Funding Lender a Late Charge.

3.6.2 In the event Borrower fails to reimburse Funding Lender for any amount advanced under the Deed of Trust within ten days after written notice of such advance is made by Funding Lender to Borrower, then such unreimbursed amount shall thereafter bear interest at the Default Rate until paid, such interest to be compounded annually.

3.6.3 In the event the payment of principal and accrued but unpaid interest due on the Maturity Date, or the accelerated Maturity Date, as applicable, is not made in full when due, then such amounts shall thereafter bear interest at the Default Rate, until paid, such interest to be compounded annually.

3.7 Prepayment. Pursuant to the terms of this Section 3.7, the Borrower Loan may be prepaid by Borrower when and to the extent that the Governmental Lender Note is susceptible to prepayment under the Funding Loan Documents, provided that Borrower shall in no event voluntarily or involuntarily prepay the Borrower Loan in whole or in part unless Borrower pays to Funding Lender, concurrently with such prepayment, a prepayment fee as calculated below.

3.7.1 **Variable Rate Principal.** Any Variable Rate Principal may be prepaid prior to the scheduled payment date, whether voluntary or involuntary, in whole or in part, provided Borrower has given Funding Lender not less than five (5) business days prior written notice of Borrower's intention to make such prepayment and pays to Funding Lender the prepayment fee due as a result. The prepayment fee shall be an amount equal to the present value of the product of: (i) the difference (but not less than zero) between (a) the Variable Rate applicable to the principal amount which is being prepaid, and (b) the return which Funding Lender could obtain if it used the amount of such prepayment of principal to purchase a bid price regularly quoted securities issued by the United States having a Maturity Date most closely coinciding with the last day of the relevant Interest Period and such securities were held by Funding Lender until the last day of the relevant Interest Period ("Yield Rate"); (ii) a fraction, the numerator of which is the number of days in the period between the date of prepayment and the relevant Interest Period, and the denominator of which is 360, and (iii) the amount of principal so prepaid. The present value shall be determined by discounting the above product to present value using the Yield Rate as the annual discount factor. Funding Lender shall provide

Borrower a statement of the amount payable on account of prepayment. Borrower acknowledges that (i) Funding Lender establishes a Variable Rate upon the understanding that it apply to the Variable Rate Principal for the entire Interest Period, and (ii) Governmental Lender would not lend to Borrower at a Variable Rate without Debtor's express agreement to pay the prepayment fee described above.

3.7.2 **No Prepayment Fee Due.** Notwithstanding Section 3.7.1 above, no prepayment fee shall be payable (i) in connection with the prepayment of Variable Rate Principal in connection with the prepayment of principal during the ninety (90) day period immediately preceding the Outside Conversion Date or Maturity Date.

3.7.3 **No Refund.** In no event shall Funding Lender be obligated to make any payment or refund to Borrower, nor shall Borrower be entitled to any setoff or other claim against Funding Lender, should the return which Funding Lender could obtain under the prepayment formula exceed the interest that Governmental Lender would have received if no prepayment had occurred.

3.7.4 **Payment of Accrued Interest.** All prepayments shall include payment of accrued interest on the principal amount so prepaid, shall be applied to payment of interest before application to principal, and shall be applied to the most remote principal installment or installments then unpaid (i.e., the principal balance due on the Maturity Date and then against installments due closest to the Maturity Date).

3.7.5 **Involuntary Prepayment.** Such prepayment fee shall also be payable if prepayment occurs as the result of any involuntary prepayment (e.g., proceeds of insurance or condemnation or any prepayment required in order to satisfy the Conditions to Conversion) or the acceleration of the principal hereof by Funding Lender because of any default by Borrower (including any transfer or conveyance of any right, title or interest in the real property encumbered by the Deed of Trust) that gives Funding Lender the right to accelerate the maturity of the Borrower Loan pursuant to the terms of the Deed of Trust. If, following any such acceleration, all or any portion of the unpaid principal is satisfied, whether through sale of the property encumbered by the Deed of Trust or other agreement securing the Borrower Loan at a foreclosure held thereunder or through the tender of payment at any time following such acceleration, but prior to such a foreclosure sale, then such satisfaction of principal shall be deemed an evasion of the prepayment provisions hereof, and Funding Lender shall, automatically and without notice or demand, be entitled to receive, concurrently with such satisfaction of principal the prepayment fee set forth above, and the obligation to pay such prepayment fee shall be added to the principal hereof.

BORROWER HEREBY ACKNOWLEDGES AND AGREES THAT GOVERNMENTAL LENDER WOULD NOT LEND TO BORROWER THE BORROWER LOAN EVIDENCED BY THE BORROWER NOTE WITHOUT BORROWER'S AGREEMENT TO PAY BANK A PREPAYMENT FEE AS SET FORTH ABOVE. BORROWER EXPRESSLY WAIVES ANY RIGHT UNDER CALIFORNIA CIVIL CODE SECTION 2954.10 OR OTHERWISE TO PREPAY THE BORROWER LOAN WITHOUT A PREPAYMENT FEE AS HEREINABOVE SET FORTH. BORROWER ACKNOWLEDGES THAT PREPAYMENT OF THE BORROWER LOAN

MAY RESULT IN GOVERNMENTAL LENDER AND BANK INCURRING ADDITIONAL COSTS, EXPENSES OR LIABILITIES. BORROWER THEREFORE AGREES THAT THE PREPAYMENT FEE HEREIN PROVIDED FOR REPRESENTS A REASONABLE ESTIMATE OF THE PREPAYMENT COSTS, EXPENSES OR LIABILITIES GOVERNMENTAL LENDER AND BANK MAY INCUR ON A PREPAYMENT. BORROWER AGREES THAT GOVERNMENTAL LENDER'S WILLINGNESS TO OFFER THE FIXED INTEREST RATE DESCRIBED ABOVE TO BORROWER IS SUFFICIENT AND INDEPENDENT CONSIDERATION, GIVEN INDIVIDUAL WEIGHT BY GOVERNMENTAL LENDER AND BANK FOR THIS WAIVER. BORROWER UNDERSTANDS THAT GOVERNMENTAL LENDER WOULD NOT OFFER SUCH AN INTEREST RATE TO BORROWER ABSENT THIS WAIVER. BORROWER HAS CAUSED THOSE PERSONS SIGNING THIS AGREEMENT ON ITS BEHALF TO SEPARATELY INITIAL THIS PARAGRAPH BY PLACING THEIR INITIALS BELOW:

BORROWER INITIALS HERE: _____

3.7.6 Certification. A certificate as to the amount of any prepayment fee payable under this Section, setting forth the basis for such fee, prepared by Funding Lender and submitted to Borrower shall be conclusive as to the matters set forth therein, and the Borrower Loan shall not be deemed to have been fully paid or satisfied until such fee shall have been paid.

3.7.7 Effect of Prepayment on Hedge. Borrower and Funding Lender hereby agree that, in accordance with and subject to the terms of any Hedge Documents, any Hedge entered into between Borrower and Funding Lender in connection with the Borrower Loan shall, upon the making of any prepayment of amounts outstanding under the Borrower Loan, be subject to an Additional Termination Event (as defined in such Hedge Documents) and may be terminated as and to the extent more particularly provided in the documents and agreements evidencing such Hedge. Any amounts (which may be substantial) payable by Borrower to Funding Lender, or by Funding Lender to Borrower in respect of such full or partial termination of such Hedge shall be determined under the terms and conditions of the Hedge Documents relating to such Hedge.

3.8 Additional Fee Payment Obligations. All payments to fund taxes, insurance or any other escrow or reserve required to be established, funded or created pursuant to any Loan Document or Funding Loan Document, shall be due and payable by Borrower to Funding Lender the date monthly payments are due pursuant to Section 3.1.3 commencing in the month following the month in which the Conversion Date occurs in accordance with the applicable Loan Document or Funding Loan Document. Borrower shall pay to Fiscal Agent Fiscal Agent's Fees (as defined in the Funding Loan Agreement) in accordance with the terms of the Funding Loan Agreement.

ARTICLE IV
CONDITIONS PRECEDENT

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

4.1.1 The original Borrower Loan Documents.

4.1.2 Copies of organizational documents of Borrower and all Loan Parties, duly filed and/or recorded in the appropriate jurisdiction and certified as required by Funding Lender, including without limitation, and as applicable, (a) articles of organization and operating agreements, (b) certificates of limited partnership, statements of partnership and partnership agreements, (c) statements of joint venture and joint venture agreements, (d) articles of incorporation, (e) trust agreements, and (f) any amendments to any of the foregoing.

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

4.1.4 All Borrower's Funds required under this Agreement.

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

4.1.6 Copies of the building permits and any other authorizations required from any Governmental Authority in connection with construction of the Improvements.

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

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

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

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

Party is bound, and (f) such other matters as Funding Lender may determine to be necessary or appropriate.

4.1.11 A performance bond naming Governmental Lender and Funding Lender as co-obligee and a labor and material payment bond, in an amount equal to the amount of the Construction Contract, or if there is no Construction Contract, then in such amounts as Funding Lender may require, issued by a surety acceptable to Funding Lender and otherwise in form and content acceptable to Funding Lender. The performance and the labor and material bonds shall have been recorded in the official records of the county in which the Real Property is located prior to the commencement of work on the Improvements.

4.1.12 Copies of the Subordinate Lender Documents in a form acceptable to Funding Lender, duly executed by the Borrower and applicable Subordinate Lenders.

4.1.13 Borrower shall have entered into one or more Hedges, in form and content and from a counterparty complying with the provisions contained in Section 7.49, with respect to the Borrower Note in an amount not less than \$7,159,000, [CHECK] which provides for a fixed rate of interest on the Borrower Note not to exceed (or otherwise protects against the interest rate on the Borrower Note exceeding ___ percent (___)% [CHECK] (including the Margin) for the period commencing on the Closing Date through the Maturity Date.

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

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

4.1.16 A copy of the Cash Collateral Assignment and Security Agreement, in a form acceptable to Funding Lender, executed by Sponsor and Borrower.

4.1.17 A copy of the Commercial Master Lease Agreement, in form and substance reasonably acceptable to Funding Lender, duly executed by all parties thereto, and Commercial Master Lease Subordination Agreement duly executed by Borrower and Commercial Tenant.

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

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

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

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

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

4.2.5 Title Insurer shall have committed to deliver to Funding Lender the Title Policy.

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

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

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

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

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

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

ARTICLE V DISBURSEMENTS

5.1 Initial Disbursement.

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

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

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

(c) No Event of Default shall exist.

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

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

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

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

(h) Such evidence as Funding Lender may require evidencing expenditure of Borrower's Equity on Project costs in accordance with this Agreement is at least \$772,307. [CHECK]

(i) \$531,950 of Sponsor Loan proceeds have been expended on Project costs and \$1,000,000 of Sponsor Loan proceeds have been delivered to the Collateral Agent pursuant to the Cash Collateral Assignment and Security Agreement.

(j) The MOH Loan and Seller Loan have been fully funded to Borrower and all of the proceeds thereof have been expended on Project costs.

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

5.1.2 Upon satisfaction of the conditions contained in Sections 4.1, 4.2 and 5.1.1, Funding Lender, on behalf of Governmental Lender, shall make an Advance in accordance with the Project Budget and the Disbursement Schedule the amounts necessary to pay all costs, charges and expenses incurred or to be incurred (as estimated by Funding Lender) in connection with the Borrower Loan or payable pursuant to this Agreement or the other Borrower Loan Documents, excluding direct costs of labor and materials related to the Improvements, but including without limitation, the Loan Fee, service charges, fees and expenses of the Fiscal Agent, title charges, tax and lien service charges, recording fees, escrow fees, appraisal fees, legal fees, real property taxes and assessments, insurance premiums any amounts required to pay existing encumbrances affecting the Property, and any amounts required to complete purchase of the Real Property.

5.2 Subsequent Disbursements.

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

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

(b) No Event of Default shall exist.

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

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

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

(f) If Funding Lender has determined that the undisbursed proceeds of the Borrower Loan, together with the undisbursed amount of the Subordinate Lender Loan (other than \$1,000,000 of the Sponsor Loan held by Collateral Agent pursuant to the Cash Collateral Assignment and Security Agreement) and Borrower's Funds (if any), are insufficient to pay all

costs to complete construction of the Improvements (and all other costs included within the Project Budget), Borrower shall have deposited into the Borrowers' Funds Account cash in the amount of such shortfall as provided in Section 7.2.

(g) If required by Funding Lender, (A) Title Insurer shall have issued its continuation endorsement to the Title Policy indicating that since the last preceding disbursement, there: (1) has been no change in the condition of title to the Real Property; and (2) are no intervening liens that may now or hereafter take priority over the disbursement to be made, and (B) upon completion of the foundation, Title Insurer shall have issued its foundation endorsement to the Title Policy insuring Funding Lender that the foundation is constructed wholly within the boundaries of the Real Property and does not encroach on any easements or violate any covenants, conditions or restrictions or any Governmental Requirement.

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

(i) If required by Funding Lender, Funding Lender shall approve the subdivision map in final form as it was filed or recorded.

(j) All amounts deposited into the Borrower's Funds Account shall have been withdrawn by Borrower to cover Project costs in accordance with the terms and conditions of this Agreement, and the entire amount of the Subordinate Lender Loan shall have been fully disbursed (except for \$1,000,000 of the Sponsor Loan held by Collateral Agent pursuant to the Cash Collateral Assignment and Security Agreement) by Subordinate Lender to or for the account of Borrower and applied towards Project costs.

(k) If requested by Funding Lender, (a) Tax Credit Investor shall have executed and delivered to Funding Lender an estoppel certificate, which shall contain such certifications as Funding Lender shall reasonably require with respect to Tax Credit Investor's obligations under the Partnership Agreement, and (b) Subordinate Lender shall have executed and delivered to Funding Lender an estoppel certificate in a form and substance which shall contain such certifications as Funding Lender shall reasonably require with respect to the Subordinate Lender Documents.

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

5.2.2 Upon satisfaction of the conditions contained in Sections 5.2.1 and 5.4 (as applicable), on or about the first day of each calendar month following commencement of construction of the Improvements, Contractor shall submit to Borrower a Draw Request showing the estimated cost of labor performed on and materials incorporated into the Improvements, a pro-rata portion of Contractor's profit and that pro-rata portion of overhead of Contractor attributable to the construction of the Improvements. The original of such Draw Request, certified true and correct by Contractor and approved by Borrower, shall be submitted to Funding Lender for payment. Upon verification of the accuracy of the Draw Request by inspection of the Real Property and Improvements (if required by Funding Lender), Governmental Lender shall disburse the amount of the respective approved Draw Request in

accordance with the Disbursement Schedule (i) directly to Borrower or, upon the occurrence and during the continuance of an Event of Default, directly to Contractor or to such Persons as have actually supplied labor, materials or services in connection with the construction of the Improvements (at Funding Lender's option as to whom and in what amounts payments are to be made), or (ii) if specifically required by Funding Lender, through a fund control service acceptable to Funding Lender under a fund control agreement in form and content acceptable to Funding Lender.

5.2.3 Upon satisfaction of the conditions contained in Sections 5.2.1 and 5.4 (as applicable), after inspection by Funding Lender of the Real Property and Improvements (if required by Funding Lender), and at Funding Lender's option as to whom and in what amounts payments are to be made, progress payments shall be made (i) directly to Borrower or, at Funding Lender's option, directly to Contractor or to such Persons as have actually supplied labor, materials or services in connection with the construction of the Improvements, or (ii) if specifically required by Funding Lender, through a fund control service acceptable to Funding Lender under a fund control agreement in form and content acceptable to Funding Lender. Each progress payment shall be paid upon the occurrence of the conditions and in amounts equal to the percentage of such sum set forth on the Stage Draw Schedule attached as Exhibit B-2 to the Disbursement Schedule.

5.3 Final Disbursement.

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

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

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

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

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

(e) If requested by Funding Lender, (a) Tax Credit Investor shall have executed and delivered to Funding Lender an estoppel certificate, which shall contain such certifications as Funding Lender shall reasonably require with respect to Tax Credit Investor's obligations under the Partnership Agreement, and (b) Subordinate Lender shall have executed and delivered to Funding Lender an estoppel certificate in a form and substance which shall contain such certifications as Funding Lender shall reasonably require with respect to the Subordinate Lender Documents.

5.3.2 The final disbursement shall consist of the payment of any monies retained from progress payments or disbursements as set forth in this Agreement. Subject to the provisions of this Agreement, the final disbursement shall be made only after Borrower has satisfied the conditions of Sections 5.3.1 and 5.4 (as applicable).

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

5.4.1 The Draw Request.

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

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

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

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

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

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

5.4.8 In the event any Draw Request includes the cost of Offsite Materials, such Draw Request shall include each of the following: (a) evidence that the Offsite Materials have been purchased by Borrower, have been segregated from other materials in the facility where they are stored and have been appropriately marked to indicate Borrower's ownership thereof and Funding Lender's security interest therein; (b) evidence that the Offsite Materials are insured as required by this Agreement; and (c) at Funding Lender's request, a security agreement,

financing statement, acknowledgment, and/or subordination agreement in form and content satisfactory to Funding Lender executed by the supplier of the Offsite Materials, and/or such other Persons as Funding Lender determines may have an interest in or claim to the Offsite Materials, together with such other additional documentation and evidence as Funding Lender may reasonably require to assure itself that it has a perfected first priority lien on the Offsite Materials.

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

5.5 Disbursement Limits.

5.5.1 Borrower hereby represents to Funding Lender that, as of the date of this Agreement, the Project Budget represents the total amount needed by Borrower to construct the Improvements and to perform Borrower's obligations under the Borrower Loan Documents and Funding Loan Documents. Funding Lender shall not be required to make any Advance for any Construction Costs or any other purpose that is not set forth in the Project Budget nor shall Funding Lender be required to make any Advance for any line item in the Project Budget in an amount that when added to the sum of all prior Advances for that line item would exceed the sum allocated in the Project Budget for that line item.

5.5.2 Funding Lender reserves and shall have the right to make Advances that are allocated to any line items in the Project Budget for such other purposes or in such different proportions as Funding Lender may, in its sole discretion, deem necessary or advisable. Borrower shall have no right whatsoever to reallocate Advances from one line item in the Project Budget to another or otherwise amend the Project Budget without the prior consent of Funding Lender.

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

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

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

5.6 Disbursement Into Borrower's Funds Account. If the Borrower Loan has not been fully disbursed by January 1, 2017, the Funding Lender may, in its discretion, disburse all or any portion of the undisbursed portion of the Borrower Loan into the Borrower's Funds Account, at which time the Borrower Loan proceeds so advanced shall constitute Borrower's Funds, if Funding Lender obtains an opinion of Tax Counsel to the effect that the draw of Borrower Loan proceeds after January 1, 2017, will adversely affect the exclusion of interest on the Governmental Lender Note from gross income for federal income tax purposes. The portion of the Borrower Loan disbursed into the Borrower's Funds Account shall be deemed outstanding as of the date advanced into the Borrower's Funds Account and will immediately commence to accrue interest as provided in Section 3.1.2. All Borrower Loan funds disbursed into the Borrower's Funds Account as Borrower's Funds shall continue to be disbursed by Funding Lender pursuant to the provisions of this Section 5 and the Disbursement Schedule.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF BORROWER

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

6.1 Formation/Authority. Borrower has complied with all laws and regulations concerning Borrower's organization, existence and the transaction of Borrower's business, and is in good standing in each state in which Borrower conducts business. Borrower is authorized to execute, deliver and perform Borrower's obligations under each of the Borrower Loan Documents and the Funding Loan Documents, and Borrower is authorized to construct the Improvements and to own and operate the Property.

6.2 No Defaults Under Existing Agreements. The transactions contemplated hereby and the performance by Borrower of Borrower's obligations under the Borrower Loan Documents and the Funding Loan Documents will not result in any breach of or default under any deed of trust, mortgage, lease, loan, security agreement or any other agreement to which Borrower is a party or may be bound or affected.

6.3 No Actions. There are no actions, suits or proceedings pending or, to the best knowledge of Borrower, threatened against or affecting Borrower or the Property or involving the validity, priority or enforceability of the Deed of Trust or any other Loan Document or Funding Loan Documents or affecting Funding Lender's right to receive payment in full of all amounts outstanding under this Agreement, the other Borrower Loan Documents or the Funding

Loan Documents. Borrower is not in default with respect to any order, writ, injunction, decree or demand of any court or any Governmental Authority. There (a) is no completed, pending or threatened bankruptcy, reorganization, receivership, insolvency or like proceeding, whether voluntary or involuntary, affecting the Property, the Borrower, or any Loan Party, and (b) has been no assertion or exercise of jurisdiction over the Property, the Borrower or any Loan Party by any court empowered to exercise bankruptcy powers. Borrower is not presently under any cease or desist order or other orders of a similar nature, temporary or permanent, of any Governmental Authority that would have the effect of preventing or hindering performance of its duties under this Agreement, any other Borrower Loan Documents or any Funding Loan Documents, nor are there any proceedings presently in progress or to its knowledge contemplated that would, if successful, lead to the issuance of any such order.

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

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

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

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

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

6.9 Ownership of Real Property. Borrower has, or as of the Closing Date will have, and will continue to have fee simple title to Real Property, subject only to the Permitted Liens. The Borrower is the sole borrower under the Borrower Loan. Borrower shall make no changes to the Property, when it is built, or to the operation thereof that would affect the qualification of the Property under the Act. The Borrower intends to utilize the Property as multifamily rental

housing during the Qualified Project Period (as defined in the Tax-Exempt Regulatory Agreement).

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

6.11 Other Financing. Except for the loans made pursuant to the Subordinate Lender Documents, and as otherwise disclosed in writing to Funding Lender and approved by Funding Lender in writing prior to the Closing Date, Borrower has not received other financing for either the acquisition of the Property or the construction and installation of the Improvements.

6.12 Plans, Defects. The Plans are satisfactory to Borrower, and to the extent required by any Governmental Requirement or any effective restrictive covenant, have been approved by all applicable Governmental Authorities and the beneficiaries of any such covenant respectively; the Plans so approved have been approved by Borrower and Contractor as set forth in the Certification of Plans and Specifications delivered to Funding Lender by Borrower.

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

6.14 Roads. All roads necessary for the full use of the Improvements for their intended purposes have been completed or the necessary rights-of-way therefore have either been acquired by the applicable Governmental Authority or dedicated to public use and accepted by such Governmental Authority. All necessary steps have been taken by Borrower and such Governmental Authority to assure the complete construction thereof.

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

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

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

6.18 Other Information. No information, statement or report furnished in writing to Governmental Lender or Funding Lender by Borrower, any Loan Party or any of their respective representatives in connection with this Agreement, the Funding Loan Documents or the other Borrower Loan Documents or the consummation of the transactions contemplated hereby and thereby (including, without limitation, any information furnished by Borrower in connection

with the preparation of any materials related to the issuance, delivery or offering of the Governmental Lender Note) contains any material misstatement of fact or omits to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading; and the representations and warranties of Borrower and the statements, information and descriptions contained in Borrower's closing certificates, as of the Closing Date, are true, correct and complete, do not contain any untrue statement or misleading statement of a material fact, and do not omit to state a material fact required to be stated therein or necessary to make the certifications, representations, warranties, statements, information and descriptions contained therein, in the light of the circumstances under which they were made, not misleading; and the estimates and the assumptions contained herein and in any certificate of Borrower delivered as of the Closing Date are reasonable and based on the best information available to Borrower.

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

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

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

6.22 No Governmental Lender Relationships. To the best knowledge of Borrower, no member, officer, agent or employee of Governmental Lender has been or is in any manner interested, directly or indirectly, in that Person's own, name or in the name of any other Person, in the Governmental Lender Note, the Funding Loan Documents, the Borrower Loan Documents, Borrower, any Loan Party or the Property, in any contract for property or materials to be furnished or used in connection with the Property, or in any aspect of the transactions contemplated by the Funding Loan Documents or the Borrower Loan Documents.

6.23 Authorizations and Consents. No authorization, consent, approval, order, registration declaration or withholding of objection on the part of or filing of or with any Governmental Authority not already obtained or made (or to the extent not yet obtained or made Borrower has no reason to believe that such authorizations, consents, approvals, orders, registrations or declarations will not be obtained or made in a timely fashion) is required for the execution and delivery or approval, as the case may be, of this Agreement, the Funding Loan Documents, the Borrower Loan Documents or any other documents contemplated by this

Agreement, the Funding Loan Documents or the Borrower Loan Documents, or the performance of the terms and provisions hereof or thereof by the Borrower.

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

6.25 Environmental Matters. Borrower has not received any notice that it or the Property is not in compliance with all provisions of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"); the Resource Conservation and Recovery Act; the Superfund Amendments and Reauthorization Act of 1986; the Toxic Substances Control Act and all environmental laws of the State (collectively "Environmental Laws"), or with any rules, regulations and administrative orders of any Governmental Authority, or with any judgments, decrees or orders of any court of competent jurisdiction with respect thereto; and Borrower has not received any assessment, notice (primary or secondary) of liability or financial responsibility, and no notice of any action, claim or proceeding to determine such liability or responsibility, or the amount thereof, or to impose civil penalties with respect to a site listed on any federal or state listing of sites containing or believed to contain "hazardous materials" (as defined in the Environmental Laws), nor has Borrower received notification that any hazardous substances (as defined under CERCLA) that it has disposed of have been found in any site at which any governmental agency is conducting an investigation or other proceeding under any Environmental Law.

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

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

6.28 Satisfaction of Conditions Under Tax Credit Allocation Documents and Subordinate Lender Documents. Each and every covenant, condition and obligation contained in the Tax Credit Allocation Documents and the Subordinate Lender Documents required to be performed or satisfied as of the date hereof, and each and every matter required to be approved thereunder as of the date hereof, has been satisfied or approved, as applicable.

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

ARTICLE VII BORROWER'S COVENANTS

Borrower covenants and agrees with Governmental Lender and Funding Lender that until the full and final payment of all sums owed under the Borrower Loan Documents and the Funding Loan Documents, unless Funding Lender waives compliance in writing:

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

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

7.3 Lien Priority. At Borrower's sole cost and expense, Borrower shall maintain the Deed of Trust as a first lien on the Property.

7.4 Construction Start and Completion.

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

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

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

7.4.4 Borrower shall complete the construction of the Improvements on or before the Completion Date. The construction of the Improvements shall be considered complete for purposes of this Agreement only when (a) the construction of the Improvements has been completed substantially in accordance with the Plans and has been fully paid for subject to Borrower's obligations to pay and discharge or cause the release of any mechanics' lien, (b) all work requiring inspection or certification by any Governmental Authority has been completed and all requisite certificates, approvals and other necessary authorizations (including any required certificates of occupancy) have been obtained, and (c) streets and offsite utilities located within or pertaining to the Property have been completed to the satisfaction of all applicable authorities.

7.5 Change Orders.

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

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

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

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

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

7.7 Contractor Covenants. Borrower shall (a) require from the Contractor (i) covenants similar to the covenants made by Borrower in Sections 7.3, 7.4 and 7.5, and (ii) a covenant that Contractor will, upon request, deliver to Funding Lender the names of all Persons with whom Contractor has contracted or intends to contract for construction of the Improvements or for furnishing of labor or materials therefore; and (b) cause the Contractor (or if no Contractor, the subcontractors) to cooperate with Funding Lender.

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

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

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

7.11 Foundation Completion. Borrower shall notify Funding Lender immediately upon completion of the foundation of the Improvements and, if required by Funding Lender, deliver to Funding Lender, promptly after completion of the foundation, a foundation survey in form satisfactory to Funding Lender and Title Insurer.

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

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

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

7.14.1 pay and discharge same;

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

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

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

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

7.15.2 within 120 days of the close of each fiscal year-end, the annual Financial Statements for Borrower and each Loan Party,

7.15.3 within 30 days after written request by Funding Lender, a copy of the most recent filed Federal income tax returns for Borrower and each Loan Party, together with all supporting schedules,

7.15.4 within 30 days after written request by Funding Lender, the Financial Statements of all affiliates and subsidiaries of Borrower and each Loan Party,

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

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

7.15.7 Promptly, upon request, any other financial information requested by Governmental Lender and Funding Lender.

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

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

7.16.2 Within 120 days after the close of the operating year for the Property, an annual Operating Statement.

7.17 Audit and Inspection Rights. Borrower shall permit any representative of Governmental Lender or Funding Lender, at any reasonable time, to inspect, audit and examine and copy the books and records of Borrower and each Loan Party.

7.18 Dividends, Distributions. Following the occurrence and during the continuance of an Event of Default, Borrower shall not (a) make any distribution either in cash, stock or any other property, (b) redeem, retire, repurchase or otherwise acquire any shares or interest in

Borrower, or (c) repay any outstanding indebtedness or other advance to any shareholder, partner, member or, if a trust, any trustor or beneficiary of Borrower.

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

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

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

7.22 Compliance With Laws; Preservation of Rights. Borrower shall comply promptly with all Governmental Requirements, and shall obtain, preserve and maintain in good standing, as applicable, all rights, privileges and franchises necessary or desirable for the operation of the Property and the conduct of Borrower's business thereon and therefrom. If payment of the indebtedness secured by the Deed of Trust or any of the other Security Documents is to be insured or guaranteed by any governmental agency, Borrower shall comply with all rules, regulations, requirements and statutes relating thereto or provided in any commitment issued by any such agency to insure or guarantee payment of such indebtedness.

7.23 Notices. Borrower shall promptly notify Funding Lender and the Governmental Lender in writing of:

7.23.1 the occurrence of any Event of Default;

7.23.2 any litigation affecting Borrower, any Loan Party or the Property, or any other circumstance, event or occurrence that may reasonably be expected to result in a material adverse change in (a) the financial condition of Borrower or any Loan Party, (b) Borrower's

ability to timely perform any of Borrower's obligations under any of the Borrower Loan Documents and the Funding Loan Documents, (c) the physical condition or operation of the Property; or (d) the tax exempt status of the interest payable on the Governmental Lender Note. and

7.23.3 any notice that the Improvements or construction thereof, the Property or Borrower's business fails in any respect to comply with any applicable Governmental Requirement.

7.24 Indemnity.

7.24.1 In addition to its other obligations hereunder, and in addition to any and all rights of reimbursement, indemnification, subrogation and other rights of Governmental Lender, the Fiscal Agent or Funding Lender pursuant hereto and under law or equity, to the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Governmental Lender, the Funding Lender, the Fiscal Agent, and each of their respective partners, officers, directors, employees, attorneys and agents past, present or future (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 Borrower Loan Documents and 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;

(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, construction, or installation of, the Project or any part thereof;

(c) Any lien or charge upon payments by the Borrower to the Governmental Lender, the Fiscal Agent or the Funding Lender hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions on the Governmental Lender, the Fiscal Agent or the Funding Lender in respect of any portion of the Project (other than franchise taxes or income taxes based upon the capital or income of the Fiscal Agent or Funding Lender);

(d) Any violation of any environmental law, rule or regulation with respect to, or the presence or release of any toxic substance or hazardous materials from, the Project or any part thereof;

(e) The enforcement of, or any action taken by the Governmental Lender, the Fiscal Agent or the Funding Lender related to remedies under, this Borrower Loan Agreement and the other Borrower Loan Documents and the 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 Borrower's applying for the Borrower Loan or the Funding Loan or contained in any of the Borrower Loan Documents or Funding Loan Documents to which the Borrower is a party;

(g) Any breach (or alleged breach) by Borrower of any material 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 Borrower or General Partner or their Affiliates to Governmental Lender, the Fiscal Agent, the Funding Lender, or any other Person in connection with Borrower's application for the Borrower Loan and the Funding Loan (including, without limitation, any breach or alleged breach by Borrower of any agreement with respect to the provision of any substitute credit enhancement, if applicable);

(h) Any failure (or alleged failure) by Borrower, the Funding Lender or the Governmental Lender to comply with applicable federal and state laws and regulations pertaining to the making of the Borrower Loan and the Funding Loan;

(i) The Project, or the condition, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation, construction of, the Project or any part thereof;

(j) The use of the proceeds of the Borrower Loan and the Funding Loan;

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

(l) The development of the Property, construction of the Improvements or the ownership, operation or use of the Property;

(m) Any declaration of taxability of interest on the Governmental Lender Note, or allegations (or regulatory inquiry) that interest on the Governmental Lender Note is taxable, for federal tax purposes;

(n) The issuance any Set Aside Letter, whether such matters are based on theories of derivative liability, comparative negligence or otherwise, at Borrower's own cost and with counsel approved by Bank, unless Bank elects to conduct its own defense at the expense of Borrower;

(o) The defeasance and/or redemption, in whole or in part, of the Borrower Note;

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

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

7.24.2 Except, in the case of the foregoing indemnification of the Governmental Lender or any related Indemnified Party, to the extent such damages are caused by the willful misconduct of such Indemnified Party and, in the case of foregoing indemnification of the Fiscal Agent, the Funding Lender, or any related Indemnified Party, to the extent such damages are caused by the gross negligence or willful misconduct of such Indemnified Party. 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. 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.

7.24.3 Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Borrower Loan Agreement or the Tax Exempt Regulatory Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section 7.24 if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless the Governmental Lender and the Funding Lender have consented in writing to such transfer and to the assignment of the rights and obligations of the Borrower hereunder.

7.24.4 The liability of Borrower under this indemnity shall not be limited or impaired in any way by (a) the release, reconveyance, foreclosure or other termination of the Deed of Trust, the payment in full of the Loan, any bankruptcy or other bankruptcy proceeding, or any other event whatsoever; (b) any provision in the Borrower Loan Documents or the Funding Loan Documents or applicable law limiting Borrower's liability or any Indemnified Party's recourse or rights to a deficiency judgment; or (c) any change, extension, release,

inaccuracy, breach or failure to perform by any party under the Borrower Loan Documents or the Funding Loan Documents. Borrower's liability hereunder is direct and primary and not secondary as a guarantor or surety.

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

7.24.6 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 Funding Lender or Fiscal Agent, any resignation. The provisions of this Section 7.24 shall survive the termination of this Borrower Loan Agreement.

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

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

7.27 Tax Certificate. Borrower shall timely comply with all of its obligations under the Tax Certificate (which Tax Certificate is hereby incorporated herein as fully as if set forth at length herein).

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

7.29 Regulatory Agreements. Borrower hereby covenants and agrees (a) to comply with all provisions of the Regulatory Agreements; to advise Funding Lender and Governmental Lender in writing promptly upon learning of any default with respect to the covenants, obligations and agreements of Borrower set forth in the Regulatory Agreements; (b) upon written direction by Governmental Lender, to cooperate fully and promptly with Governmental Lender in enforcing the terms and provisions of the Tax-Exempt Regulatory Agreement; and (c) to file in accordance with the time limits established by the Regulatory Agreements all reports and certificates required thereunder, and the Certification to the Secretary of the Treasury required by the Tax-Exempt Regulatory Agreement. Neither Governmental Lender nor Funding Lender shall incur any liability in the event of any breach or violation of any of the Regulatory Agreements by Borrower, and Borrower agrees to indemnify the Indemnified Parties from any claim or liability for any such breach under the Regulatory Agreements.

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

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

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

7.30.3 Transfer any interest in the Property (other than (1) the lease of residential units within the Property for a term of one-year or less and otherwise in compliance with the Regulatory Agreements, (2) the Commercial Master Lease Agreement, and (3) dispositions of Personal Property expressly permitted by the Borrower Loan Documents) without the prior written consent of Funding Lender, which consent may be withheld in Funding Lender's absolute discretion. In connection with the foregoing consent requirements, Borrower acknowledges that Funding Lender relied upon Borrower's particular expertise in entering into this Agreement and continues to rely on such expertise to ensure the satisfactory completion and operation of the Property. Transfers requiring Funding Lender's prior written consent shall include, without limitation, (a) involuntary transfers and transfers by operation of law; (b) liens and assignments as security for obligations, whether voluntary or involuntary; and (c) except as otherwise expressly permitted by the terms of the Deed of Trust, the issuance, sale, assignment, disposition, encumbering or other transfer of any direct or indirect ownership interest in Borrower, any Loan Party or any general partner, member or shareholder of any Loan Party, whether voluntary or involuntary, by operation of law or otherwise. No sale, lease or other transfer shall relieve Borrower from primary liability for its obligations under the Borrower Loan Documents or the Funding Loan Documents, and Borrower shall deliver to Funding Lender all documents reasonably required by Governmental Lender to evidence its continuing liability. No consent by Funding Lender in connection with any Transfer shall constitute (x) a consent by Governmental Lender under the Tax-Exempt Regulatory Agreement to any sale, assignment, encumbrance, transfer or other disposition of all or any part of the Property, or any direct or indirect interest therein, or (y) a waiver by Governmental Lender of any term or condition of the Tax-Exempt Regulatory Agreement. Notwithstanding the foregoing, (a) Tax Credit Investor may transfer its limited partnership interests in Borrower to any limited partnership or limited liability company in which Union Bank, N.A., or an affiliate thereof is the general partner or managing member; provided that following such transfer, Tax Credit Investor shall remain jointly and severally liable for all contributions to be made by Tax Credit Investor under the Partnership Agreement, (b) the transfer of limited partnership interests or non-managing membership interest in Tax Credit Investor shall not constitute a "transfer" hereunder, and (c) subject to Funding Lender's consent, which shall not be unreasonably withheld, Tax Credit Investor may remove and replace the General Partner in accordance with the Partnership Agreement following a default by the General Partner thereunder.

7.30.4 Amend or modify in any material respect any organizational documents pertaining to Borrower or any Loan Party.

7.30.5 Cause or otherwise consent to the formation of any community facilities district that includes the Property or any part of the Property pursuant to the Mello-Roos Community Facilities Act of 1982, any assessment district that includes the Property or any part of the Property pursuant to the Municipal Improvement Act of 1913, or any other comparable or similar district, area or territory that includes the Property or any part of the Property pursuant to

any Law, or cause or otherwise consent to the levying of special taxes by any community facilities district against the Property or any part thereof, the levying of assessments by any such assessment district against the Property or any part thereof, or the levying of assessments, taxes and/or other impositions by any such district, area or territory.

7.30.6 Enter into any new Funding Loan Documents, or amend, modify, supplement, cancel or terminate any Funding Loan Documents.

7.30.7 Take, or omit to take, any action that, if taken or omitted, would jeopardize or adversely affect the tax-exempt status of the interest payable on the Governmental Lender Note.

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

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

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

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

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

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

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

7.32 Management of Property. Borrower shall not enter into any agreement providing for the management or operation of the Real Property or the Improvements without the prior written consent of Funding Lender.

7.33 Leases.

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

7.33.2 Affirmative Covenants. In addition to the provisions of the Deed of Trust, Borrower shall (a) document all Leases covering any portion of the Property or the Improvements on a standard lease form approved by Funding Lender (with no material change), (b) not enter into any lease for any Unit with a potential tenant unless such lease is an Acceptable Unit Lease and the rent charged thereunder complies with the Governmental Documents, all Regulatory Agreements and is consistent with the rent proforma submitted by Borrower and approved by Funding Lender (c) other than the Commercial Master Lease Agreement, enter into Leases only with bona fide third party tenants in an arm's length transaction at the then current rate for comparable space in accordance with the Regulatory Agreements and on such other terms and conditions as are reasonably acceptable to Funding Lender, (d) whether or not Funding Lender's prior written approval is required, deliver to Funding Lender, within ten days of execution, all new Leases (together with all financial information obtained by Borrower regarding the tenant) and all modifications, amendments and consents to assignment or subletting of existing Leases, and (e) promptly notify Funding Lender in writing of (i) the termination, abandonment, or surrender of any Lease, and (ii) claims of any breach of any of Borrower's obligations as landlord under any Lease.

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

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

7.34.2 Property has received or receives a tax credit allocation, Borrower's certification of the Property's compliance with the requirements of Section 42 of the Code and the regulations issued under Section 42 and if the tax credits have not yet been syndicated, Borrower's report regarding progress in syndicating the tax credit allocation until the syndication is completed; and

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

7.35 Property Reserves. Borrower shall establish and maintain such operating, replacement and/or tenant improvement reserves for the Property as required by Funding Lender, and Borrower hereby grants to Funding Lender a security interest in all such reserves. Borrower

agrees to execute such supplemental security documentation as Funding Lender may request confirming such security interest.

7.36 Intentionally Omitted.

7.37 Establishment of Capital Improvement Reserve Account.

7.37.1 Concurrently with the Conversion and as a condition precedent thereto, Borrower shall: (i) establish with Funding Lender the Capital Improvement Reserve Account and Borrower shall execute such documents as are necessary to evidence same and to create and perfect in favor of Funding Lender a security interest therein for the purpose of paying for any capital improvements which are necessary for the continued operation of the Property and which capital improvements are approved by Funding Lender, which approval will not be unreasonably withheld ("Capital Improvements"); and (ii) commencing after the Conversion Date, on the first day of the month in which Borrower is required to make its first principal and interest payment under the Note, and continuing on the first day of every month thereafter, deposit or cause to be deposited into the Capital Improvement Reserve Account an amount equal to no less than \$5,834.00 each month; provided, however, commencing on each anniversary of the Amortization Date, said amount shall increase by the percentage increase in the Consumer Price Index. All Urban Consumers (All Items) for the area in which the Project is located published by the United States Department of Labor, Bureau of Labor Statistics, for the calendar month three months prior to the Amortization Date and the applicable anniversary of the Amortization Date. If such index is no longer published, then such other comparable index designated by Funding Lender shall be used to calculate the increase.

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

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

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

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

7.40 Election of Credit Period. Borrower shall not make its election (electing whether the first year of the ten (10) year "credit period" shall commence in the year the Project is placed in service or the following year) under Section 42(f) of the Code without first obtaining Funding Lender's prior written consent to Borrower's election, which consent shall not be unreasonably withheld or delayed.

7.41 Compliance With Subordinate Lender Documents, Commercial Master Lease Agreement and Regulatory Agreements. Borrower shall observe and comply with all of the terms and conditions set forth in the Subordinate Lender Documents, Commercial Master Lease Agreement and all Regulatory Agreements.

7.42 Payment of Development Fee. Borrower shall pay Sponsor no more than \$300,000 of its development fee on the Closing Date and no more than \$433,951 of its development fee after the Closing Date and prior to Conversion (which amount shall be paid from Net Operating Income of the Project and not from Borrower Loan funds).

7.43 IRS Form 8609 and California FTB Form 3521A. Borrower shall deliver to Funding Lender the IRS Form 8609 and California FTB Form 3521A (if applicable) within five (5) business days following Borrower's receipt of the same from the Allocation Committee.

7.44 Obtaining and Maintaining Real Property Tax Exemption. Borrower shall cause Sponsor to maintain its status as an “eligible non-profit corporation” (as such term is used in Section 214(g) of the R&T Code) and take all actions and provide such certifications as may be necessary from time to time so that the Project (other than the portion of the Project subject to the Commercial Master Lease Agreement) shall be exempt from the payment of real property taxes in accordance with the provisions of Section 214(g) of the R&T Code.

7.45 Draws under Subordinate Lender Loan and Disbursement of Borrower’s Funds. Request and receive disbursements of the entire Subordinate Lender Loan (except for \$1,000,000 of the Sponsor Loan held by Collateral Agent pursuant to the Cash Collateral Assignment and Security Agreement) prior to requesting disbursements of Borrower’s Funds.

7.46 Draw Requests. Borrower shall furnish to Funding Lender such statements and other financial data as Funding Lender shall from time to time reasonably request in writing with respect to disbursements made under the Subordinate Lender Loan, if any. Borrower shall deliver, or cause to be delivered, to Funding Lender (concurrently with the delivery of the same to Subordinate Lender) copies of all draw requests (and accompanying back-up documentation), if any, submitted to the Subordinate Lender with respect to disbursements made under the Subordinate Lender Loan from time to time.

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

7.48 Release of \$1,000,000 of Sponsor Loan. Any Sponsor Loan funds released by the Collateral Agent pursuant to the terms of the Cash Collateral Assignment and Security Agreement shall be delivered to Funding Lender to paydown the outstanding balance of the Borrower Loan.

7.49 Hedge.

7.49.1 As a condition precedent to making the Borrower Loan, the Borrower shall enter into one or more interest rate caps, collars, swaps, swaptions, forward swaps or similar transactions designed to protect against fluctuations in the interest rate of each Borrower Note commencing no later than the Outside Conversion Date and expiring no earlier than the Maturity Date with a counterparty acceptable to Funding Lender (which counterparty may, but is not required to be, Funding Lender) (together, as modified from time to time, the “Hedge”). The notional amount of the Hedge must be the outstanding principal amount of the Borrower Note as of the Outside Conversion Date or, if later, the effective date of the Hedge. The Hedge shall provide for a fixed rate of interest not to exceed (or otherwise protect against the interest rate on

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

7.49.2 On the Closing Date, the Borrower shall acquire a Hedge complying with the requirements of this Section 7.49 and Section 4.1.13. As a condition to the Conversion, the Hedge shall comply with the requirements of this Section 7.49.

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

7.49.4 So long as the Borrower is required to maintain a Hedge, the Borrower shall not terminate, transfer or consent to any termination or transfer of the Hedge without the Funding Lender's prior written consent, which consent may be withheld in Funding Lender's sole discretion. No Hedge shall be terminated for any reason unless Borrower enters into a new Hedge complying with the requirements of this Section 7.49; provided, that no Hedge undertaken with Funding Lender may be terminated, terminated and replaced or transferred by the Borrower without the consent of Funding Lender, which consent may be withheld by Funding Lender in its sole discretion. Each replacement Hedge must have a term which commences no later than the later of the Outside Conversion Date or the termination date of the preceding Hedge. If Borrower desires to transfer or terminate a Hedge, Borrower shall provide Funding Lender for Funding Lender's approval written notice thereof at least sixty (60) days prior to termination of the existing Hedge, together with a description of the terms proposed for the replacement Hedge and the identity of the financial institutions who will bid to be the counterparty on the replacement Hedge. In addition, the Borrower shall provide the Funding Lender for Funding Lender's approval the identity of the counterparty and copies of the proposed replacement Hedge Documents at least fourteen (14) business days prior to the termination of the existing Hedge; provided, however, that if a Hedge unexpectedly and unavoidably terminates on a date other than its scheduled expiration date, the Borrower shall, within fourteen (14) business days of such termination, obtain a new Hedge satisfying the requirements of this Section 7.49; provided that if such terminated Hedge is one provided by Funding Lender, Funding Lender shall be under no obligation to permit such replacement Hedge to be entered into or to forbear from exercising its creditor remedies during such time.

7.49.5 If Funding Lender is not (or is no longer) the counterparty to the Hedge, the Borrower shall assign each Hedge in effect from time to time to Governmental Lender and

Funding Lender pursuant to an assignment of hedge ("Assignment of Hedge") in a form and content acceptable to Funding Lender in its sole discretion. The Assignment of Hedge must be entered into on or before the effective date of the Hedge. The Hedge Documents and the Assignment of Hedge shall direct the counterparty to make any payments on the Hedge directly to Funding Lender to be applied by Funding Lender to payments due under the Borrower Loan, provided that after the occurrence of an Event of Default, Funding Lender may apply such payments as may determine in its discretion.

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

7.50.1 It will at all times comply with the terms of the Tax Certificate and the Regulatory Agreement;

7.50.2 It will not take, or permit to be taken on its behalf, any action which would cause the interest payable on the Governmental Lender Note to be included in gross income, for federal income tax purposes, and will take such action as may be necessary in the opinion of Tax Counsel to continue such exclusion from gross income, including, without limitation, the preparation and filing of all statements required to be filed by it in order to maintain the exclusion (including, but not limited to, the filing of all reports and certifications required by the Tax-Exempt Regulatory Agreement);

7.50.3 No changes will be made to the Project, no actions will be taken by the Borrower and the Borrower will not omit to take any actions, which will in any way adversely affect the tax-exempt status of the Governmental Lender Note;

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

7.50.5 If the Borrower becomes aware of any situation, event or condition which would, to the best of its knowledge, result in the interest on the Governmental Lender Note becoming includable in gross income for purposes of federal income tax purposes, it will promptly give written notice of such circumstance, event or condition to the Governmental Lender, the Fiscal Agent, and the Funding Lender.

In the event of a conflict between the terms of this Section 7.50 and the Tax Certificate, the terms of the Tax Certificate shall control.

ARTICLE VIII EVENTS OF DEFAULT

The occurrence of any one or more of the following events shall constitute an "Event of Default" hereunder and at Funding Lender's option, exercisable in its sole discretion, shall terminate any obligation of Funding Lender to make any Advance or disbursement of Borrower's Funds. Upon the occurrence of an Event of Default, Funding Lender shall also have

the option, exercisable in its sole discretion, to declare the Borrower Loan immediately due and payable, without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demand of any kind or character; provided, however, upon the occurrence of any Event of Default that, under the terms of any Loan Document or Funding Loan Document results in the Borrower Loan becoming automatically due and payable, such occurrence shall result in automatic acceleration of payments of all principal and interest due under the Borrower Loan:

8.1 Borrower fails to (a) pay when due any sums payable under any Borrower Loan Document or Funding Loan Document after giving effect to any express curative provisions (if any) provided herein or therein, or (b) deposit with Funding Lender any of Borrower's Funds as and when required under this Agreement.

8.2 Borrower has breached, or defaulted under, any term, condition or provision contained in (a) any Loan Document that is not specifically referred to in this Section 8, (b) the Tax-Exempt Regulatory Agreement or other Funding Loan Document, or (c) any ground lease, if the Property is a leasehold estate.

8.3 Borrower or Contractor does not (a) commence construction of the Improvements within the time period required in this Agreement, (b) proceed diligently and continuously with the construction of the Improvements, or the construction of the Improvements is otherwise discontinued for a period of five consecutive Business Days or more, for any reason, or (c) complete the construction of the Improvements and cause the issuance of all licenses and permits necessary for the occupancy and use of the Improvements, on or before the Completion Date.

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

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

8.6 Borrower neglects, fails or refuses to keep in full force and effect any permit or approval with respect to the construction of the Improvements or the use and occupancy thereof.

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

8.8 The imposition, voluntary or involuntary, of any lien or encumbrance upon the Property without Funding Lender's written consent, unless an adequate counter bond is provided and such lien is accordingly released within ten days of the imposition of such lien.

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

8.10 An event or condition occurs or arises that materially impairs Borrower's intended use of the Property.

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

8.12 Any Funding Loan Document, Subordinate Lender Document, Regulatory Agreement or the Commercial Master Lease Agreement is amended, modified or terminated without Funding Lender's prior written consent.

8.13 Interest on the Governmental Lender Note is no longer excludable from the gross income of the holder thereof for federal income tax purposes.

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

8.15 The failure of Borrower to comply with any of the terms and conditions of the Tax Credit Allocation Documents, the failure of Borrower to cause Project Completion to occur on or before the Completion Date, or the failure of Borrower to comply with any of the monitoring or reporting requirements set forth in the Qualified Allocation Plan.

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

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

8.18 Borrower shall fail to obtain the Hedge in accordance with the terms and provisions of Section 7.49. Borrower shall fail to perform any of its obligations under any agreement relating to any Hedge or Hedge Documents following the expiration of any applicable curative provision.

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

ARTICLE IX

REMEDIES

If an Event of Default occurs under this Agreement:

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

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

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

ARTICLE X

POWER OF ATTORNEY

Borrower hereby constitutes and appoints Funding Lender as Borrower's true and lawful attorney in fact with the power and authority, including full power of substitution upon the occurrence and during the continuance of an Event of Default, as follows:

- 10.1 To take possession of the Property and complete the Improvements.
- 10.2 To use any of Borrower's Funds and any undisbursed proceeds of the Borrower Loan for the purpose of completing the Improvements and for other costs related thereto.
- 10.3 To make such additions and changes and corrections in the Plans as may be necessary or desirable, as Funding Lender, in Funding Lender's sole discretion, deems proper to complete the Improvements.
- 10.4 To employ such contractors, subcontractors, agents, architects, engineers and inspectors as are required to complete the Improvements.
- 10.5 To employ security personnel to protect the Property from damage.
- 10.6 To pay, settle or compromise all existing bills and claims against Borrower's Funds or any undisbursed proceeds of the Borrower Loan as may be necessary or desirable or as

Funding Lender deems proper, in Funding Lender's sole discretion, for the completion of the Improvements, or for the protection or clearance of title to the Property, or for the protection of Funding Lender's interest with respect thereto.

10.7 To prosecute and defend all actions and proceedings in connection with the construction of the Improvements.

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

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

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

ARTICLE XI **LIMITATIONS ON LIABILITY**

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

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 Fiscal Agent under the Funding Loan Agreement, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal or prepayment price of and interest on the Funding Loan as the same shall become due, whether by maturity, redemption, acceleration or otherwise, then upon notice from the Fiscal Agent, the

Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal or prepayment price of or interest on the Funding Loan, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Fiscal Agent, the Borrower, the Governmental Lender or any third party, subject to any right of reimbursement from the Fiscal Agent, the Governmental Lender or any such third party, as the case may be, therefor.

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

11.3 Limitation on Liability of Funding Lender's Officers, Employees, Etc. Borrower assumes all risks of the acts or omissions of the Governmental Lender and the Funding Lender, provided, however, this assumption is not intended to, and shall not, preclude Borrower from pursuing such rights and remedies as it may have against the Governmental Lender and the Funding Lender at law or under any other agreement. None of Governmental Lender, the Fiscal Agent and the Funding Lender, nor any of its commissioners, officers, directors, employees or agents shall be liable or responsible for (i) any acts or omissions of the Governmental Lender and the Funding Lender; or (ii) the validity, sufficiency or genuineness of any documents, or endorsements, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged. In furtherance and not in limitation of the foregoing, the Governmental Lender and the Funding Lender may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, unless acceptance in light of such notice or information constitutes willful misconduct on the part of the Governmental Lender, or gross negligence or willful misconduct on the part of the Funding Lender.

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

under this Borrower Loan Agreement shall be narrowly construed to cover only the parties and facts identified in any written approval or, if not in writing, such approvals shall be solely for the benefit of the Borrower.

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

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

ARTICLE XII **MISCELLANEOUS**

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

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

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

12.4 Governmental Lender's and Funding Lender's Expenses; Rights of Governmental Lender and Funding Lender.

12.4.1 Borrower shall promptly pay to Governmental Lender and Funding Lender, upon demand, with interest thereon from the date of demand at the Default Rate, reasonable attorneys' fees (including the fees and costs of Governmental Lender's, Fiscal Agent's and Funding Lender's in-house counsel and legal staff) and all costs and other expenses paid or incurred by Governmental Lender, Fiscal Agent and Funding Lender in exercising its rights or remedies provided for in this Agreement or any other Loan Document. If at any time Borrower fails to perform any of its obligations hereunder, Funding Lender shall have the right, but not the obligation, to perform such obligations at the expense of Borrower. The amount of any monies so expended or obligations so incurred by Governmental Lender, Fiscal Agent and Funding Lender, together with interest thereon at the Default Rate, shall be repaid to Governmental Lender, Fiscal Agent and Funding Lender promptly upon demand and payment thereof shall be secured by the Deed of Trust and Security Documents.

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

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

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

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

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

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

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

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

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

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

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

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

12.16 Counterparts. This Agreement and each other Loan Document may be executed in two or more counterparts, each of which shall be deemed an original but taken together shall be one and the same document.

12.17 USA Patriot Act. Funding Lender is subject to the USA Patriot Act and hereby notifies Borrower that pursuant to the requirements of that Act, Funding Lender is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow Funding Lender to identify Borrower in accordance with the Act.

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

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

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

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

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

12.19.4**No Decision By Jury.** The Funding Lender, Fiscal Agent and Borrower hereby acknowledge that if a referee is selected or appointed to determine the Claims, then the Claims will not be decided by a jury.

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

12.19.6**Claim.** "Claim" shall mean any claim, cause of action, action, dispute or controversy between or among the parties, whether sounding in contract, tort or otherwise, which arises out of or relates to: (i) any of the Borrower Loan Documents or the Funding Loan Documents; (ii) and negotiations or communications relating to any of the Borrower Loan Documents or the Funding Loan Documents, whether or not incorporated into the Borrower Loan Documents or the Funding Loan Documents or any indebtedness evidenced thereby; or (iii) any alleged agreements, promises, representations or transactions in connection therewith.

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

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

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

[Signatures on following page]

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

BORROWER:

TENDERLOIN FAMILY HOUSING, L.P.,
a California limited partnership

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

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

By: _____
Norman Fong
Executive Director

Address for Notice to Borrower:

Tenderloin Family Housing, L.P.
1525 Grant Avenue
San Francisco, CA 94133-3323
Attention: Executive Director
Facsimile: (415) 362-7992

and with a copy to:

Gubb and Barshay
505 14th Street, Suite 1050
Oakland, CA 94612
Attention: Scott Barshay
Facsimile: (415) 781-6967

BANK:

UNION BANK, N.A.

By: _____

Name: Fiona Hsu

Title: Vice President

Address for Notice to Funding Lender:

Union Bank

Attn: Manager

Commercial Real Estate Loan Administration

3151 E. Imperial Highway, 1st Floor

P.O. Box 2404

Brea, CA 92821

Fax No. (949) 553-7123

With a copy to

Union Bank, N.A.

Attn: Fiona Hsu

Community Development Finance

200 Pringle Avenue, Suite 355

Walnut Creek, CA 94596

Fax No. (925) 947-2455

Phone No. (925) 947-2449

E-mail address: fiona.hsu@unionbank.com

GOVERNMENTAL LENDER:

CITY AND COUNTY OF SAN FRANCISCO

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

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
Deputy City Attorney

JOINDER REGARDING DEVELOPMENT FEE

The undersigned hereby acknowledges and agrees that the undersigned shall not be entitled to receive more than \$300,000 of the development fee to which it is entitled from Borrower on the Closing Date and shall not be entitled to receive more than \$433,951 of the development fee to which it is entitled from Borrower after the Closing Date and prior to Conversion (which amount shall be paid from Net Operating Income of the Project and not from Borrower Loan funds); any portion of such development fee received by the undersigned shall be remitted to Union Bank, N.A. to be held as additional collateral for the Borrower Loan and, upon an event of default with respect thereto, applied in reduction of amounts outstanding under the Borrower Loan in such amounts and in such order as Union Bank, N.A. shall elect in its sole and absolute discretion.

Chinatown Community Development Center, Inc.,
a California nonprofit public benefit corporation

By: _____

Norman Fong
Executive Director

Schedule 1

Post Conversion Date - Installments of Principal and Interest

[To be attached on the Conversion Date]

EXHIBIT A
LEGAL DESCRIPTION

This **Exhibit A** is attached to and a part of that certain Borrower Loan Agreement dated December 1, 2013 by and between Tenderloin Family Housing, L.P., a California limited partnership, City and County of San Francisco, a municipal corporation organized and existing under the laws of the State of California, and Union Bank, N.A.

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

All that certain real property, as shown on that certain Map entitled "Parcel Map, being a merger of Lots 1 and 8, portion of Assessor's Block 344 San Francisco, California" which Map was filed for record in the Office of the Recorder of the City and County of San Francisco, State of California, on 2-7-92 in Book 41 of Parcel Maps at Page 10.

Assessor's Lot 010; Block 0344

EXHIBIT B
DISBURSEMENT SCHEDULE

This **Exhibit B** is attached to and a part of that certain Borrower Loan Agreement dated December 1, 2013 by and between Tenderloin Family Housing, L.P., a California limited partnership, City and County of San Francisco, a municipal corporation organized and existing under the laws of the State of California, and Union Bank, N.A.

[CHECK – to be attached]

EXHIBIT B-1
PROJECT BUDGET

This **Exhibit B-1** is attached to and a part of that certain Borrower Loan Agreement dated December 1, 2013 by and between Tenderloin Family Housing, L.P., a California limited partnership, City and County of San Francisco, a municipal corporation organized and existing under the laws of the State of California, and Union Bank, N.A.

[CHECK - To be attached]

EXHIBIT B-2
STAGE DRAW SCHEDULE

This **Exhibit B-2** is attached to and a part of that certain Borrower Loan Agreement dated December 1, 2013 by and between Tenderloin Family Housing, L.P., a California limited partnership, City and County of San Francisco, a municipal corporation organized and existing under the laws of the State of California, and Union Bank, N.A.

[CHECK – to be attached]

EXHIBIT C
SPECIAL CONDITIONS

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

EXHIBIT D
CONDITIONS TO CONVERSION

The following shall be the conditions precedent to conversion:

| Conditions to Conversion | Check When Satisfied |
|---|----------------------------|
| (a) The final disbursement shall have occurred. | <input type="checkbox"/> |
| (b) All indebtedness incurred by the Borrower in connection with the Project, including, but not limited to, the Borrower Loan and Subordinate Lender Loans (including the entire Sponsor Loan), shall be completely funded and, if applicable, converted to permanent financing. | <input type="checkbox"/> |
| (c) No material adverse change has occurred in the financial condition of Borrower or any other Loan Party, as evidenced by current Financial Statements provided by Borrower to Funding Lender. | <input type="checkbox"/> |
| (d) All representations and warranties made by Borrower in the Borrower Loan Documents and the Funding Loan Documents shall be true and correct on and as of the Conversion Date as if made on and as of the Conversion Date (and, if required by Funding Lender, Funding Lender shall have received a certificate of Borrower to that effect). | <input type="checkbox"/> |
| (e) The Improvements shall not have been materially injured or damaged by fire or other casualty. | <input type="checkbox"/> |
| (f) Funding Lender shall have received (A) such endorsements to the Title Policy as Funding Lender may require which shall insure that the Improvements have been completed free of all mechanic's and materialmen's liens or claims thereof, or (B) such additional title policies with endorsements as Funding Lender may require, with a liability limit of not less than the principal amount of the Borrower Loan, issued by Title Insurer, with coverage and in form satisfactory to Funding Lender, insuring Governmental Lender's and Funding Lender's interest under the Deed of Trust as a first lien on the Real Property, excepting only such items as shall have been approved in writing by Funding Lender. | <input type="checkbox"/> |

| Conditions to Conversion | | Check When Satisfied |
|--------------------------|---|----------------------------|
| (g) | Borrower delivers to Funding Lender fully executed copies of any amendments or assignments affecting the formation documents of Borrower and, if applicable, its constituent general partners or members, to the extent not previously provided to and approved by Funding Lender. | <input type="checkbox"/> |
| (h) | Borrower provides Funding Lender with current evidence of the insurance coverage required pursuant to this Agreement, provided that Borrower need not provide evidence of course of construction insurance and Borrower shall in addition provide evidence of business interruption and/or rental interruption insurance, as applicable. | <input type="checkbox"/> |
| (i) | Funding Lender shall have received the Paydown Amount in cash or current funds. | <input type="checkbox"/> |
| (j) | During each month of the three-month period immediately preceding the Conversion Date; at least ninety percent (90%) of the Units within the Property shall have been leased to, and occupied by, third-party residential tenants under Acceptable Unit Leases executed by Borrower in strict compliance with the terms and conditions of this Agreement and the Regulatory Agreements. | <input type="checkbox"/> |
| (k) | The Improvements shall have been completed in substantial accordance with the Plans free and clear of all liens other than Permitted Liens and Funding Lender shall have received copies of the final certificates of occupancy for each Unit within the Property. | <input type="checkbox"/> |
| (l) | As of the Conversion Date, no Event of Default and no other event or condition that, with the giving of notice or the passage of time, or both, would become an Event of Default, shall have occurred and be continuing. | <input type="checkbox"/> |
| (m) | If required by Funding Lender, a current survey of the Real Property, including dimensions and delineation of all the Improvements and location of all easements thereon, certified to and satisfactory to Funding Lender and Title Insurer. | <input type="checkbox"/> |

| Conditions to Conversion | | Check When Satisfied |
|--------------------------|--|----------------------------|
| (n) | Guarantor has executed and delivered to Governmental Lender and Funding Lender the Indemnity Agreement. | <input type="checkbox"/> |
| (o) | During each month of the three-month period immediately preceding the Conversion Date, the Debt Coverage Ratio for the Property shall have been at least 1.30 to 1.00. | <input type="checkbox"/> |
| (p) | Borrower shall have established with Funding Lender the Capital Improvement Reserve Account and collaterally assigned such account to Funding Lender. | <input type="checkbox"/> |
| (q) | Borrower shall have paid to Funding Lender all reasonable costs and expenses incurred by Funding Lender and Fiscal Agent in connection with the Conversion. | <input type="checkbox"/> |
| (t) | Borrower delivers to Funding Lender such other documentation, certifications, opinions and information as may be required by Funding Lender. | <input type="checkbox"/> |

EXHIBIT E
CONDITIONS TO CONVERSION

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

Section 1. Nondiscrimination; Penalties.

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

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

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

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

(v) *Incorporation of Administrative Code Provisions by Reference.* The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section

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

Section 2. Local Business Enterprise Utilization; Liquidated Damages.

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

(ii) *Compliance and Enforcement.* If Borrower or the Funding Lender willfully fails to comply with any of the provisions of the LBE Ordinance, the rules and regulations implementing the LBE Ordinance, or the provisions of this Borrower Loan Agreement pertaining to LBE participation, Borrower and the Funding Lender shall be liable for liquidated damages in an amount equal to Borrower or the Funding Lender's net profit on this Borrower Loan Agreement, or 10% of the total amount of this Borrower Loan Agreement, or \$1,000, whichever is greatest. The Director of the Governmental Lender's Human Rights Commission or any other public official authorized to enforce the LBE Ordinance (separately and collectively, the "Director of HRC") may also impose other sanctions against Borrower or the Funding Lender authorized in the LBE Ordinance, including declaring the Borrower or the Funding Lender to be irresponsible and ineligible to contract with the Governmental Lender for a period of up to five years or revocation of the Borrower or the Funding Lender's LBE certification. The Director of HRC will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to Administrative Code §14B.17.

By entering into this Borrower Loan Agreement, Borrower and the Funding Lender acknowledge and agree that any liquidated damages assessed by the Director of the HRC shall be payable to Governmental Lender upon demand. Borrower and the Funding Lender further acknowledge and agree that any liquidated damages assessed may be withheld from any monies due to Borrower or the Funding Lender on any contract with Governmental Lender.

Borrower and the Funding Lender agrees to maintain records necessary for monitoring its compliance with the LBE Ordinance for a period of three years following termination or expiration of this Borrower Loan Agreement, and shall make such records available for audit and inspection by the Director of HRC or the Controller upon request.

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

Section 4. MacBride Principles—Northern Ireland. Pursuant to San Francisco Administrative Code §12F.5, the City urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing this Borrower Loan Agreement, the person executing this Borrower Loan Agreement on behalf of the Borrower and the Funding Lender acknowledge and agree that he or she has read and understood this Section.

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

Section 6. Drug-Free Workplace Policy. The Borrower and the Funding Lender acknowledge that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. The Borrower and the Funding Lender agree that any violation of this prohibition by the Borrower or the Funding Lender, its employees, agents or assigns will be deemed a material breach of this Borrower Loan Agreement.

Section 7. Compliance with Americans with Disabilities Act. The Borrower and the Funding Lender acknowledge that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. The Borrower and the Funding Lender shall provide the services specified in this Borrower Loan Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. The Borrower and the Funding Lender agree not to discriminate against disabled

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

Section 8. Sunshine Ordinance. In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between the City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

Section 9. Limitations on Contributions. Through execution of this Borrower Loan Agreement, the Borrower and the Funding Lender acknowledge that it is familiar with Section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. The Borrower and the Funding Lender acknowledge that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. The Borrower and the Funding Lender further acknowledge that the prohibition on contributions applies to each prospective party to the contract; each member of the Borrower or the Funding Lender's board of directors; the Borrower or the Funding Lender's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in the Borrower or the Funding Lender; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by the Borrower or the Funding Lender. Additionally, the Borrower and the Funding Lender acknowledge that the Borrower and the Funding Lender must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. The Borrower and the Funding Lender further agree to provide to the City the names of each person, entity or committee described above.

Section 10. Requiring Minimum Compensation for Covered Employees. The Borrower and the Funding Lender agree to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Sections 12P.5 and 12P.5.1 of Chapter 12P are incorporated herein by reference and made a part of this Borrower Loan Agreement as though fully set forth. The text of the MCO is available on the web at www.sfgov.org/olse/mco.

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

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

(ii) The Borrower and the Funding Lender shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

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

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

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

(vi) The Borrower and the Funding Lender understand and agree that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of

this Borrower Loan Agreement for violating the MCO, the Borrower or the Funding Lender fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Borrower or the Funding Lender fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

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

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

Section 11. Requiring Health Benefits for Covered Employees. The Borrower and the Funding Lender agree to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Section 12Q.5.1 of Chapter 12Q are incorporated by reference and made a part of this Borrower Loan Agreement as though fully set forth herein. The text of the HCAO is available on the web at www.sfgov.org/olse. Capitalized terms used in this Section and not defined in this Borrower Loan Agreement shall have the meanings assigned to such terms in Chapter 12Q.

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

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

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

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

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

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

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

(vii) The Borrower and the Funding Lender shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the Borrower Loan Agreement.

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

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

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

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

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

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

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

Section 13. Protection of Private Information. The Borrower and the Funding Lender have read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information," and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. The Borrower and the Funding Lender agree that any failure of the Borrower or the Funding Lender to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of this Borrower Loan Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate this Borrower Loan Agreement, bring a false claim action against the Borrower or the Funding Lender pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Borrower or the Funding Lender.

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

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

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

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

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

Section 16. Conflict of Interest. Through its execution of this Borrower Loan Agreement, the Borrower and the Funding Lender acknowledge that it is familiar with the provision of Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Borrower Loan Agreement.

Section 17. Food Service Waste Reduction Requirements. The Borrower and the Funding Lender agree to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Borrower Loan Agreement as though fully set forth. This provision is a material term of this Borrower Loan Agreement. By entering into this Borrower Loan Agreement, the Borrower and the Funding Lender agree that if it breaches this provision, the City will suffer actual damages that will be impractical or extremely difficult to determine; further, the Borrower and the Funding Lender agree that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that the City will incur based on the violation, established in light of the circumstances existing at the time this Borrower Loan Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by the City because of the Borrower or the Funding Lender's failure to comply with this provision.

Section 18. Proprietary or Confidential Information of City. The Borrower and the Funding Lender understand and agree that, in the performance of the work or services under this Borrower Loan Agreement or in contemplation thereof, the Borrower and the Funding Lender may have access to private or confidential information which may be owned or controlled by City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to City. The Borrower and the Funding Lender agree that all information disclosed by City to the Borrower or the Funding Lender shall be held in confidence and used only in the performance of the Borrower Loan Agreement. The Borrower and the Funding Lender shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

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

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

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Orrick Herrington & Sutcliffe LLP
The Orrick Building
405 Howard Street
San Francisco, CA 94105
Attn: Stephen Spitz

REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS

by and between the

CITY AND COUNTY OF SAN FRANCISCO

and

TENDERLOIN FAMILY HOUSING, L.P.
a California limited partnership

Dated as of November 1, 2013

Relating to:

City and County of San Francisco
Multifamily Housing Revenue Note
(Tenderloin Family Housing),
2013 Series C

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REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

This REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (the "Regulatory Agreement") is made and entered into as of November 1, 2013, by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, organized and existing under the laws of the State of California (together with any successor to its rights, duties and obligations, the "City"), and TENDERLOIN FAMILY HOUSING, L.P., a California limited partnership (the "Owner"), owner of a leasehold interest in the land described in Exhibit A attached hereto.

RECITALS

A. WHEREAS, pursuant to the Charter of the City, Article I of Chapter 43 of the Administrative Code of the City and County of San Francisco Municipal Code and Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (collectively, the "Act"), the City is authorized to issue revenue bonds and to execute and deliver revenue notes to finance the acquisition, construction and development of multifamily rental housing; and

B. WHEREAS, the Board of Supervisors of the City has authorized the execution and delivery of a multifamily mortgage revenue note under the Act in connection with the acquisition and rehabilitation of a multifamily residential affordable rental housing project located on the site described in Exhibit A hereto and to be known as Tenderloin Family Housing (the "Project"), which Project shall be subject to the terms and provisions hereof; and

C. WHEREAS, in furtherance of the purposes of the Act and as a part of the City's plan of financing affordable housing, the City is executing and delivering its revenue note designated "City and County of San Francisco Multifamily Housing Revenue Note (Tenderloin Family Housing), 2013 Series C" (the "Note") pursuant to the terms of a Funding Loan Agreement of even date herewith (the "Funding Loan Agreement"), among Union Bank, N.A., as the funding lender, the City and Union Bank, N.A., as fiscal agent (the "Fiscal Agent"), the proceeds of which Note are to be loaned to the Owner (the "Loan") pursuant to a Borrower Loan Agreement, of even date herewith (the "Borrower Loan Agreement"), between the City and the Owner; and

D. WHEREAS, the City hereby certifies that all things necessary to make the Note, when executed and delivered as provided in the Funding Loan Agreement, the valid, binding and limited obligation of the City have been done and performed, and the execution and delivery of the Funding Loan Agreement and the execution and delivery of the Note, subject to the terms thereof, in all respects have been duly authorized; and

E. WHEREAS, the Code 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, rehabilitation and operation of the Project.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which 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 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) 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.

“Area” – The HUD Metro Fair Rent Market Area (HMFA), or 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 its General Partner(s), which certificate may designate an alternate or alternates.

“Borrower Loan Agreement” – shall have the meaning set forth in Section C of the Recitals above.

“CDLAC” – The California Debt Limit Allocation Committee.

“CDLAC Requirements” – The requirements described in Section 8 of this Regulatory Agreement.

“CDLAC Resolution” – The Resolution described in Section 8 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 and executed by an Authorized Owner Representative, or such other form as is provided by the City.

“Certificate of Preference” – A residential Certificate of Preference issued by the City pursuant to the City’s Certificate of Preference Program.

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

“City Median Income” – means the “Maximum Income by Household Size” derived by the Mayor’s Office of Housing and published annually, based on the unadjusted area 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 _____, 2013.

“Code” – The Internal Revenue Code of 1986, as in effect on the date of 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 execution and delivery of the Note, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Completion Certificate” – The certificate of completion of the construction of the Project required to be delivered to the City and the Funding Lender by the Owner pursuant to Section 2 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 construction of the Project, as that date shall be certified as provided in Section 2 of this Regulatory Agreement.

“CTCAC” – means the California Tax Credit Allocation Committee.

“Facilities” – The multifamily buildings, structures and other improvements on the Site to be acquired, rehabilitated, improved, renovated and equipped, and all fixtures and other property owned by the Owner and located on the Site, or used in connection with, such buildings, structures and other improvements.

“Fiscal Agent” – shall have the meaning assigned to such term in Section C of the Recitals above.

“Funding Lender” – means Union Bank, N.A., and its successor and assigns.

“Funding Loan Agreement” – The Funding Loan Agreement, of even date herewith, among the Funding Lender, the City and the Fiscal Agent.

“General Partners” – Collectively (i) Tenderloin Family Housing LLC, a California limited liability company, as general partner; and/or (ii) any other Person that the partner of Owner, with the prior written approval of the Funding Lender (to the extent required pursuant to the Borrower Loan Documents), has 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 Borrower Loan Documents and hereunder.

“Housing Act” – The United States Housing Act of 1937, as amended.

“Housing Authority” – The Housing Authority of the City and County of San Francisco and any successors.

“Housing Law” – means 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” – Fully completed and executed Income Certification Form substantially in the form attached to this Regulatory Agreement as Exhibit B, or such other form as may be provided by the City.

“Inducement Date” – May 1, 2012, the date of adoption of the Inducement Resolution.

“Inducement Resolution” – The resolution adopted by the City on the Inducement Date, indicating its intention to issue tax-exempt obligations to finance a portion of the Project.

“Investor Limited Partner” – Union Bank, N.A., and any successor investor limited partner of the Owner.

“Loan” – The loan of the proceeds of the Note made to the Owner pursuant to the Borrower Loan Agreement to provide financing for the acquisition and rehabilitation of the Project.

“Low Income Tenant” – means 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, such occupants shall not qualify as Low Income Tenants. The determination of a Tenant’s status as a Low Income Tenant shall initially be made by the Owner on the basis of an Income Certification Form (a form of which is attached hereto as Exhibit B) executed by the Tenant upon such Tenant’s occupancy of a unit in the Project and upon annual recertification thereafter.

“Low Income Unit” – means the dwelling units 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” – means 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 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 or as otherwise required under Section 142 of the Code and the Act, including adjustments for household size.

“Mortgage” – The Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (California), dated for reference purposes as of the date hereof, executed by the Owner and granting a first lien on the Project for the benefit of the City and assigned to the Funding Lender, including any amendments and supplements thereto as permitted by the Funding Loan Agreement.

“Note” – City and County of San Francisco Multifamily Housing Revenue Note (Tenderloin Family Housing), 2013 Series C, executed and delivered pursuant to the Funding Loan Agreement.

“Owner” – Tenderloin Family Housing, L.P., a California limited partnership, and its permitted successors and assigns.

“Partnership Agreement” – The Agreement of Limited Partnership of Owner, by and among the General Partners and the Investor Limited Partner.

“Program Administrator” – A governmental agency, a financial institution, a certified public accountant, an apartment management firm, a mortgage insurance company or other business entity performing similar duties or otherwise experienced in the administration of restrictions on bond-financed multifamily housing projects, which shall 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 preparation, the planning of housing and related facilities and improvements, the acquisition of property, 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 Treasury 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 constructed 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 constructing 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 construction 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 thirty (30) years after the date on which at least fifty percent (50%) of the units in the Project are first occupied;
- (b) the first date on which no tax-exempt private activity bonds 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 fifty-five (55) years after the Closing Date; or
- (e) such later date as may be provided in Section 5 or Section 8 hereof.

“Regulations” – The income tax regulations promulgated by the United States Department of the Treasury pursuant to the Code from time to time.

“Regulatory Agreement” – This Regulatory Agreement and Declaration of Restrictive Covenants, together with any amendments hereto or supplements hereof.

“Restricted Unit” – A Very Low Income Unit or a Low Income Unit.

“Servicer” – Shall have the meaning assigned to such term in the Funding Loan Agreement.

“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 leasehold interest.

“State” – The State of California.

“Tax Certificate” – The Tax Certificate and Agreement, dated the date of execution and delivery of the Note, executed and delivered by the City and the Owner, as amended or supplemented from time to time.

“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.

“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” – means 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, 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 an Income Certification Form (a form of which is attached hereto as Exhibit B) executed by the Tenant upon such Tenant’s occupancy of a unit in the Project and upon annual recertification thereafter.

“Very Low Income Units” – means the dwelling units 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 months after the Closing Date, a substantial binding obligation 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) two and one-half percent (2.5%) of the aggregate principal amount of the Note or (ii) \$100,000.

(b) The Owner's reasonable expectations respecting the total cost of acquisition and rehabilitation of the Project and the disbursement of Note proceeds are accurately set forth in the Tax Certificate, which has been delivered to the City on the Closing Date.

(c) The Owner will proceed with due diligence to complete the acquisition and rehabilitation of the Project and expects to expend the maximum authorized amount of the Loan for Project Costs within three (3) years of the Closing Date.

(d) [reserved]

(e) On the Completion Date the Owner will submit to the City and the Funding Lender a duly executed and completed Completion Certificate.

(f) On the date on which fifty percent (50%) of the units in the Project are first rented, the Owner will submit to the City and the Funding Lender a Certificate as to Commencement of Qualified Project Period, in the form of Exhibit E hereto, duly executed and completed by an Authorized Owner Representative.

(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 execution and delivery 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-seven

percent (97%) of all disbursements of Note proceeds 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 delivered by the Owner to the City on the Closing Date are 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 execution and delivery costs of the Note, within the meaning of Section 147(g) of the Code.

(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 exclusion from gross income for federal income tax purposes of the Holders of the Note (other than with respect to interest on any portion thereof for a period during which such portion is held by a "substantial user" of any facility financed with the proceeds of the Note or a "related person," as such terms are used in Section 147(a) of the Code), 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 exclusion from gross income for federal income tax purposes of the Holder(s) of the Note (other than with respect to interest on any portion thereof for a period during which such portion is held by a "substantial user" of any facility financed with the proceeds of the Note or a "related person," as such terms are used in Section 147(a) of the Code).

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 to 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, 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 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 interest on the Note will not become taxable thereby under Section 103 of the Code.

(e) All of the residential dwelling units in the Project will be available for rental on a continuous basis to members of the general public and the Owner will not give preference to any particular class or group in renting the residential dwelling units in the Project, except to the extent required, by (i) this Regulatory Agreement, (ii) any regulatory or restrictive use agreement to which the Project is subject pursuant to Section 42 of the Code, (iii) any additional tenant income and rent restrictions imposed by any other federal, State or local governmental agencies, and (iv) any other legal or contractual requirement not excepted by clauses (i) through (iv) of this paragraph, upon receipt by the Owner, the Trustee 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 Notes.

(f) The Site consists of a parcel or parcels that are contiguous and all of the Facilities will comprise a single geographically and functionally integrated project for residential rental property, 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 the Project contains five or more residential dwelling units, this subsection shall not be construed to prohibit occupancy of residential dwelling units 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., AFDC, 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 rehabilitation, operation and management of the Project, except to the extent required hereby.

(i) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, 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 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 Mortgage and the Funding Loan Agreement, apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 42(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 construction/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 Mortgage.

(k) The Project will have one hundred seventy-five (175) residential dwelling units, one of which will be a manager's unit.

(l) The Owner will not sell dwelling units within the Project.

4. Restricted Units. The Owner hereby represents, as of the date hereof, and warrants, covenants and agrees as follows:

(a) Income and Rent Restrictions. In addition to the requirements of Section 5, hereof, Project shall comply with the income and rent restrictions of this Section 4(a), and any conflict or overlap between any two or more of such provisions shall be resolved in favor of the most restrictive of such provisions.

(i) Very Low Income Units. Not less than 71 of the 175 units in the Project (excluding the manager's unit) shall be rented to and continuously occupied by households who qualify as Very Low-Income Tenants as specified below:

| Unit Type | Number of Units | Maximum Percentage of Median Income for the Area (AMI) |
|-----------|-----------------|--|
| Studio | - | 50% |
| 1 BR | - | 50% |

| | | |
|-------------|---|-----|
| 2 BR | — | 50% |
| 3 BR | — | 50% |
| 4 BR | — | 50% |
| Total Units | — | |

The monthly rent charged for all the Very Low Income Units shall not exceed one-twelfth of the amount obtained by multiplying 30% times 50% of the Median Income for the Area.

(ii) Low Income Units. Not less than 103 of the 175 units in the Project (excluding the manager's unit) shall be rented to and continuously occupied by households who qualify as Low-Income Tenants as specified below:

| Unit Type | Number of Units | Maximum Percentage of Median Income for the Area (AMI) |
|-------------|-----------------|--|
| Studio | — | 60% |
| 1 BR | — | 60% |
| 2 BR | — | 60% |
| 3 BR | — | 60% |
| 4 BR | — | 60% |
| Total Units | — | |

The monthly rent charged for all the Very Low Income Units shall not exceed one-twelfth of the amount obtained by multiplying 30% times 60% of the Median Income for the Area.

(iii) Income Restrictions Pursuant to the Code. Pursuant to the requirements of Section 142(d) of the Code, for the Qualified Project Period, not less than forty percent (40%) of the total number of completed units in the Project (excluding the manager's unit), or seventy-one (71) 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 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, such occupants shall not be qualified Tenants pursuant to this sentence. The Owner shall satisfy the requirements of this Section 4(a)(iii) by complying with the requirements of Section 4(a)(i), to the extent such compliance meets the requirements of Section 142(d)(1)(B) of the Code.

(iv) Income and Rent Restrictions Pursuant to the Act. Pursuant to the requirements of Section 52080(a)(1)(B) of the Housing Law, for the Qualified Project Period, not less than forty percent (40%) of the total number of completed units in the Project (excluding the manager's unit), or seventy-one (71) 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 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, such occupants shall not be qualified Tenants

pursuant to this sentence. Pursuant to the requirements of the Section 52080(a)(1)(B) of the Housing Law, the monthly rent charged for such units shall not exceed one-twelfth of the amount obtained by multiplying 30% times 60% of the Median Income for the Area. The Owner shall satisfy the requirements of this Section 4(a)(iv) by complying with the requirements of Section 4(a)(i), to the extent such compliance meets the requirements of Section 52080(a)(1)(B) of the Housing Law.

(v) CDLAC Requirements. To the extent the income and rent restrictions contained in the CDLAC Requirements are more restrictive, the Owner shall comply with the CDLAC Requirements.

(b) Over-Income Tenants. Notwithstanding the foregoing provisions of Section 4(a), no Tenant qualifying as a Very Low Income Tenant 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.

However, should the aggregate Adjusted Income of Tenants in a Restricted Unit, as of the most recent determination thereof, exceed one hundred forty percent (140%) of the applicable income limit for such Restricted Unit occupied by the same number of Tenants, the next available unit of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) a Very Low Income Tenant. The unit occupied by such Tenants whose aggregate Adjusted Income exceeds such applicable income limit shall continue to be treated as occupied by a Very Low Income Tenant for purposes of the requirements of Section 4(a) hereof unless and until an Available Unit of comparable or smaller size is rented to persons other than Very Low Income Tenants. Moreover, a unit previously occupied by a Very Low Income Tenant and then vacated shall be considered occupied by a Very Low Income Tenant until reoccupied, other than a reoccupation for a temporary period, at which time the character of the unit shall be re-determined. In no event shall such temporary period exceed thirty-one (31) days. The parties agree that this paragraph shall have no practical effect because 100% of the units in the Project are required to be Restricted Units pursuant to Section 4(a).

(c) Income Certifications. The Owner will obtain, complete and maintain on file an Income Certification Form for each Tenant (i) immediately prior to the initial occupancy of a Restricted Unit by such Tenant, and (ii) thereafter, annually, in each case in the form attached hereto as Exhibit B, together with such information, documentation and certifications as are required therein or by the City, in its discretion, to substantiate the Tenant's Income Certification Form. In addition, the Owner will provide such further information as may be required in the future by the State, the City (on a reasonable basis), the Program Administrator and by the Act, Section 142(d) of the Code or the Treasury Regulations, as the same may be amended from time to time, or 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) a Certificate of Continuing Program Compliance (a form of which is attached hereto as Exhibit D). The Owner shall also timely provide to the City such information as is requested by the City to comply with any reporting requirements applicable to it with respect to the Note or the Project under any federal or State law or regulation, including without limitation, CDLAC 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 paragraph 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: (1) certifies the accuracy of the statements made in the Income Certification; (2) 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 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; (3) acknowledges that the Owner has relied on the Income Certification 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 (4) agrees that the Tenant's income is subject to annual certification in accordance with Section 4(c) hereof and that failure to cooperate with the annual recertification process reasonably instituted by the Owner pursuant to Section 4(d) above may provide grounds for termination of the lease.

(h) Maintenance of Tenant Lists and Applications. All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business which is unrelated to the Project and shall be maintained, as required from time to time by the Program Administrator on behalf of the City, in a reasonable condition for proper audit and subject to examination during normal business hours

by representatives of the Project, 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) encumber any portion of the Project or grant commercial leases of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project (except for apartment leases), except (i) pursuant to the provisions of this Regulatory Agreement and on a basis subordinate to the provisions of this Regulatory Agreement, to the extent applicable, (ii) 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 (iii) 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 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 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.

5. Additional Requirements of the City.

(a) Minimum Lease Term. The term of the lease for any Restricted Unit shall be not less than one (1) year.

(b) Limitation on Rent Increases. Annual rent increases on a Restricted Unit shall be limited to the percentage of the annual increase in the applicable Median Income for the Area for that 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 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 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 [Chinatown Community Development Center, Inc.], a California nonprofit public benefit corporation, without the prior written consent of the City, which consent shall not be unreasonably withheld or delayed.

(e) 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, to the extent such compliance is not in conflict with any other requirements imposed on the Project pursuant to Section 142(d) of the Code, the Act, the CDLAC Resolution, or CTCAC.

(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 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).

(g) Overincome Provisions after Expiration of Qualified Project Period. Notwithstanding the provisions of Section 4(b), from and after the expiration of the Qualified Project Period, in the event that Owner's certification of the Very Low Income Tenant's income, pursuant to Section 4(c), indicates that the Very Low Income Tenant's income exceeds one hundred twenty percent (120%) of 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 Very Low Income 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 at the request of the Owner, and that the Owner has voluntarily agreed to such additional restrictions in order to obtain financial assistance from the City and an allocation of private activity bond volume cap from CDLAC.

(i) Marketing Plan. Owner will market the Restricted Units in accordance with the marketing plan approved by the City, if any.

(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 fifty-five (55) years after the Closing Date.

6. Amendment or Waiver by City; Conflicting Provisions. The requirements of Section 4(a)(i) and 4(a)(ii) and of Section 5 hereof may be amended, modified or waived (but not increased or made more onerous), at the City's sole discretion, by written amendment signed by the City and the Owner, or expressly waived by the City in writing, but no such waiver by the City shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the City and the 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 Section 4(a)(i) and 4(a)(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.

7. Additional Requirements of State Law. In addition to the requirements set forth above, the Owner hereby agrees that it shall also comply with each of the requirements of Section 52080 of the Housing Law, 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.

(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 names 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, repayment of the Note, deed in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units reserved for occupancy as required by Section 4(a)(iv) shall remain available to any eligible Tenant occupying a Restricted Unit at the date of such expiration or termination, at the rent determined by Section 4(a)(iv), until the earliest of (1) the household's income exceeds one hundred twenty percent (120%) of the maximum eligible income specified therein, (2) the household voluntarily moves or is evicted for good cause, as defined in the Housing Law, (3) fifty-five (55) years after the date of the commencement of the Qualified Project Period, or (4) the Owner pays the relocation assistance and benefits to households 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 later of (i) the expiration of the Qualified Project Period or (ii) the date that is fifty-five (55) years after the date of commencement of the Qualified Project Period, the Owner shall continue to make available to eligible households reserved units that have been vacated to the same extent that non-reserved 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 Owner's Partnership Agreement. Any syndication of tax credits with respect to the Project to an affiliate of the Investor Limited Partner shall not require the prior written approval of the City if the Owner's Partnership Agreement will not be amended, modified or supplemented in connection with such syndication; provided, however, that the Investor Limited Partner shall provide to the City, at

least five (5) business days prior to the effective date of any such syndication, written notice of such syndication certifying that no amendment, modification or supplement to the Owner's Partnership Agreement will be effected in connection with such syndication, together with copies of any assignments of limited partnership interests and any other syndication documents. Any other or subsequent syndication of the Project shall be subject to the prior written approval of the Director of the Mayor's Office of Housing 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 hereof 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.

8. CDLAC Requirements. The Owner hereby agrees that the construction, rehabilitation, equipping and operation of the Project and the financing thereof is and shall be in compliance with the conditions set forth in Exhibit A to CDLAC Resolution No. 13-56 adopted on September 18, 2013, attached hereto as Exhibit F (the "CDLAC Resolution"), which conditions are incorporated herein by reference and are made a part hereof. The Owner shall annually on each anniversary of the Closing Date, and as otherwise requested by CDLAC, prepare and submit to the City a Certificate of Compliance in substantially the form attached hereto as Exhibit G, executed by an Authorized Owner Representative.

9. Indemnification. The Owner hereby releases the City, the Funding Lender and their respective officers, members, directors, officials and employees from, and covenants and agrees to indemnify, hold harmless and defend the City and the Funding Lender and the officers, members, directors, officials, agents and employees of each of them (collectively, the "Indemnified Parties," and each an "Indemnified Party") from and against any and all claims, losses, costs, damages, demands, expenses, taxes, suits, judgments, actions and liabilities of whatever nature, joint and several (including, without limitation, costs of investigation, reasonable attorneys' fees, 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 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 Loan or otherwise, including without limitation, any advances of the Loan, or any failure by the Funding Lender, as defined in the Funding Loan Agreement, to make any advance thereunder; (c) arising from any act or omission of the Owner or any of its agents, servants, employees or licensees, in connection with the Loan or the Project; (d) arising in connection with the issuance and sale, resale or reissuance of any bonds or 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 Funding Loan Agreement, the Loan Agreement and this Regulatory Agreement; (e) arising in connection with the operation of the Project, or the conditions, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation, or construction of, the Project or any part thereof; and (f) arising out of or in connection with the exercise by the Funding Lender or the Servicer of their powers or duties under the Funding Loan Agreement, the 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 Funding Lender from any claims, costs, fees, expenses or liabilities arising from the negligence or willful misconduct of the Funding Lender, or (ii) the City for any claims, costs, fees, expenses or liabilities arising solely from the willful misconduct of the City. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Owner, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the engagement of counsel selected by the Indemnified Party; and the Owner shall assume the payment of all reasonable fees and expenses related thereto, with full power to litigate, compromise or settle the same in its discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Notwithstanding the foregoing, no indemnification obligation shall give rise to an obligation to pay principal and interest on the Loan, which is not otherwise set forth in the Funding Loan Documents, as defined in the Funding Loan Agreement, the Note or any other agreement relating to the Note.

The Owner also shall pay and discharge and shall indemnify and hold harmless the City and the Funding Lender from (i) any lien or charge upon payments by the Owner to the City and the Funding Lender 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 Funding Lender 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 employment of counsel approved by the Indemnified Party in such party's reasonable discretion, and 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 City and the Funding Lender shall have the right to review and approve or disapprove any such compromise or settlement. If a potential conflict exists between Owner's defense and the interests of any 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 of such separate counsel.

Notwithstanding any transfer of the Project to another Owner in accordance with the provisions of Section 12 of this Regulatory Agreement, the Owner shall remain obligated to indemnify the City pursuant to this Section 9 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 9 shall survive the term of the Note and this Regulatory Agreement.

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 it is entitled to indemnity.

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.

10. Consideration. The City has executed the Note and delivered the 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 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.

11. 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 exclusion from gross income for federal income tax purposes of the interest on the Note. In performing its duties and obligations hereunder, the City may rely upon statements and certificates of the Owner, the Low Income Tenants, the Very Low Income 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.

12. 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, and hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated hereunder) or 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 Loan Agreement or any document related to the 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. It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 12 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 12 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. Notwithstanding the foregoing, the provisions of this Section 12 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 paragraph (i) of Section 7), (b) the Administrative General Partner interest to an affiliate of the Administrative General Partner, (c) the Managing General Partner interest to an affiliate of the Managing General Partner, or (d) the transfer of any non-managing member interest in the Investor Limited Partner.

13. Term. Subject to the following paragraph of this Section 13, Section 8 hereof and to any other provision expressly agreed herein to survive the termination of this Regulatory Agreement, this Regulatory Agreement and all of the terms hereof shall become effective upon its execution and delivery and shall remain in full force and effect for the longer of (a) the Qualified Project Period or (b) fifty-five (55) years after the date on which at least fifty percent (50%) of the units in the Project are first occupied.

The terms of this Regulatory Agreement to the contrary notwithstanding, the requirements of 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 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 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 an opinion of Tax Counsel that such termination will not adversely affect the exclusion from gross income for federal income tax purposes 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.

Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; 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.

14. Covenants to Run With the Land. The Owner hereby subjects the Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The City and the Owner hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Owner's successors in title to the Project; provided, however, that on the termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire. 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.

15. 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 Very Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Note was executed and delivered.

16. 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.

17. 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 after written notice thereof shall have been given by the City to the Owner (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 sixty (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 exclusion from gross income for federal income tax purposes of interest on the Note), then the City may declare an "event of default" to have occurred hereunder, and, subject to the provisions of the Funding 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.

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 Mortgage except as may be otherwise specified in the Mortgage.

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.

18. 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.

19. Payment of Fees. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Funding Loan Agreement and/or the Loan Agreement, 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 any of them hereunder and reimbursement for all expenses incurred by it in connection therewith.

The Owner shall pay to the City (i) an initial issuance fee of \$ _____ (which is equal to one quarter of one percent (0.25%) of the par amount of the 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.

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 Lender, and/or the Program Administrator in connection with such action.

20. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California.

21. Amendments. To the extent any amendments to the Act, the Treasury 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, provided that any amendment to the CDLAC Requirements shall also be subject to the consent of CDLAC.

22. City Contracting Provisions. The Owner covenants and agrees to comply with the provisions set forth in Exhibit H to this Regulatory Agreement, which is incorporated in and made a part of this Regulatory Agreement by this reference.

23. Notice. All notices, certificates or other communications shall be sufficiently given and shall be deemed given on the date personally delivered or on the second day following the date on which the same have been mailed by first class mail, postage prepaid, 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: 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: Tenderloin Family Housing, L.P.
1525 Grant Avenue
San Francisco, CA 94133-3323
Attention: Executive Director
Telephone: _____

With a copy to: Gubb & Barshay LLP
505 14th Street, Suite 1050
Oakland, California 94612
Attention: Scott Barshay, Esq.
Telephone: (415) 781-6600, ext. 2

If to the Investor Limited
Partner: Union Bank, N.A.

Attention: _____
Re: _____

With a copy to:

If to the Funding Lender: Union Bank, N.A.
Commercial Real Estate Loan Administration
3151 E. Imperial Highway, 1st Floor
P.O. Box 2404
Brea, California 92821
Attention: Manager
Telephone: _____

With copies to: Union Bank, N.A.
Community Development Finance Department
200 Pringle Avenue, Suite 355
Walnut Creek, CA 94596
Attention: Fiona Hsu
Telephone: (925) 947-2449

If to the Fiscal Agent: Union Bank, N.A.
350 California Street, 11th Floor
San Francisco, CA 94104
Attention: Corporate Trust Services
Telephone: _____

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.

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 the Regulatory Agreement and the enforcement of those terms are entered into for the benefit of various parties, including CDLAC. The parties hereto acknowledge that the Funding Lender is a third party beneficiary 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 17 hereof, the terms hereof and the terms of the CDLAC Resolution. In addition, CDLAC is intended to be and shall be a third-party beneficiary of this Regulatory Agreement. Notwithstanding the above, CDLAC shall be entitled solely to enforce the terms of the CDLAC Resolution, and any enforcement of the terms and provisions of the CDLAC Resolution by CDLAC shall not adversely affect the interests of the Funding Lender, and shall otherwise be subject to the terms, conditions and limitations otherwise applicable to the enforcement of remedies under this Regulatory Agreement. Pursuant to Section 52080(k) of the Housing Law, the provisions of Sections 4, 5, 6 and 7 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.

[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

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

Approved as to Form:

DENNIS J. HERRERA
City Attorney

By: _____
Kenneth Roux
Deputy City Attorney

[Signatures continue on following page.]

[REGULATORY AGREEMENT SIGNATURE PAGE]

Date: _____

OWNER:

TENDERLOIN FAMILY HOUSING, L.P.,
a California limited partnership

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

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

By: _____
Norman Fong
Executive Director

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

FORM OF TCAC INCOME CERTIFICATION FORM

(Form begins on the next page)

TENANT INCOM CERTIFICATION

Initial Certification Recertification Other _____

Effective Date: _____
 Move-In Date: _____
 (MM-DD-YYYY)

PART I - DEVELOPMENT DATA

Property Name: _____ County: _____ TCAC# CA- _____ BIN #: _____
 Address: _____ Unit Number: _____ # Bedrooms: _____ Square Footage: _____

PART II. HOUSEHOLD COMPOSITION

Vacant (Check if unit was vacant on December 31 of the Effective Date Year)

| HH Mbr # | Last Name | First Name | Middle Initial | Relationship to Head of Household | Date of Birth (MM/DD/YYYY) | F/T Student (Y or N) | Last 4 digits of Social Security # |
|----------|-----------|------------|----------------|-----------------------------------|----------------------------|----------------------|------------------------------------|
| 1 | | | | HEAD | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

| HH Mbr # | (A) Employment or Wages | (B) Soc. Security/Pensions | (C) Public Assistance | (D) Other Income |
|--|-------------------------|----------------------------|-----------------------|------------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Add totals from (A) through (D), above | | | TOTAL INCOME (E): | |
| TOTALS | € | € | € | € |

PART IV. INCOME FROM ASSETS

| Hshld Mbr # | (F) Type of Asset | (G) C/I | (H) Cash Value of Asset | (I) Annual Income from Asset |
|--|-------------------|---------------|------------------------------|------------------------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| TOTALS: | | | \$ | \$ |
| Enter Column (H) Total | | Passbook Rate | | |
| If over \$5000 \$ _____ X | | 2.00% | = (J) Imputed Income | \$ |
| Enter the greater of the total of column I, or J: imputed income | | | TOTAL INCOME FROM ASSETS (K) | |
| | | | \$ | |
| (L) Total Annual Household Income from all Sources [Add (E) + (K)] | | | | \$ |

HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student. Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

| | | | |
|-----------|--------|-----------|--------|
| Signature | (Date) | Signature | (Date) |
| Signature | (Date) | Signature | (Date) |

PART V. DETERMINATION OF INCOME ELIGIBILITY

RECERTIFICATION ONLY:

TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES:

From item (L) on page 1 \$ _____

Unit Meets Federal Income Restriction at:

60% 50%

Unit Meets Deeper Targeting Income Restriction at:

Other _____%

Current Federal LIHTC Income Limit x 140%:

\$ _____

Household Income exceeds 140% at recertification:

Yes No

Current Federal LIHTC Income Limit per Family Size: \$ _____

Household Income as of Move-in: \$ _____

Household Size at Move-in: _____

PART VI. RENT

Tenant Paid Monthly Rent \$ _____
Monthly Utility Allowance \$ _____

Monthly Rent Assistance: \$ _____
Other Monthly non-optional charges: \$ _____

GROSS MONTHLY RENT FOR UNIT:
(Tenant paid rent plus Utility Allowance & other non-optional charges) \$ _____

Unit Meets Federal Rent Restriction at:

60% 50%

Unit Meets Deeper Targeting Rent Restriction at:

Other: _____%

Maximum Federal LIHTC Rent Limit for this unit: \$ _____

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?

yes no

If yes, Enter student explanation* (also attach documentation)

Enter 1-5

*Student Explanation:

- 1 AFDC / TANF Assistance
- 2 Job Training Program
- 3 Single Parent/Dependent Child
- 4 Married/Joint Return
- 5 Former Foster Care

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

a. Tax Credit

b. HOME

c. Tax Exempt

d. AHDP

e. _____
(Name of Program)

See Part V above.

Income Status
 ≤ 50% AMGI
 ≤ 60% AMGI
 ≤ 80% AMGI
 OI**

Income Status
 50% AMGI
 60% AMGI
 80% AMGI
 OI**

Income Status
 50% AMGI
 80% AMGI
 OI**

Income Status

 OI**

** Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

SIGNATURE OF OWNER/REPRESENTATIVE

Based on the representations herein and upon the proof and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

SIGNATURE OF OWNER/REPRESENTATIVE

DATE

PART II. SUPPLEMENTAL INFORMATION FORM

The California Tax Credit Allocation Committee (CTCAC) requests the following information in order to comply with the Housing and Economic Recovery Act (HERA) of 2008, which requires all Low Income Housing Tax Credit (LIHTC) properties to collect and submit to the U.S. Department of Housing and Urban Development (HUD), certain demographic and economic information on tenants residing in LIHTC financed properties. Although the CTCAC would appreciate receiving this information, you may choose not to furnish it. You will not be discriminated against on the basis of this information, or on whether or not you choose to furnish it. If you do not wish to furnish this information, please check the box at the bottom of the page and initial.

Enter both Ethnicity and Race codes for each household member (see below for codes).

| TENANT DEMOGRAPHIC PROFILE | | | | | | |
|----------------------------|-----------|------------|----------------|------|-----------|----------|
| HH Mbr # | Last Name | First Name | Middle Initial | Race | Ethnicity | Disabled |
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |

The Following Race Codes should be used:

- 1 – White – A person having origins in any of the original people of Europe, the Middle East or North Africa.
- 2 – Black/African American – A person having origins in any of the black racial groups of Africa. Terms such as “Haitian” or “Negro” apply to this category.
- 3 – American Indian/Alaska Native – A person having origins in any of the original peoples of North and South America (including Central America), and who maintain tribal affiliation or community attachment.
- 4 – Asian – A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam.
- 5 – Native Hawaiian/Other Pacific Islander – A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.
- 6 – Other
- 7 – Did not respond. (Please initial below)

Note: Multiple racial categories may be indicated as such: 31 – American Indian/Alaska Native & White, 41 – Asian & White, etc.

The Following Ethnicity Codes should be used:

- 1 – Hispanic – A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race. Terms such as “Latino” or “Spanish Origin” apply to this category.
- 2 – Not Hispanic – A person not of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin, regardless of race.
- 3 – Did not respond. (Please initial below)

Disability Status:

- 1 – Yes
 - If any member of the household is disabled according to Fair Housing Act definition for handicap (disability):
 - A physical or mental impairment which substantially limits one or more major life activities: a record of such an impairment; or being regarded as having such an impairment. For a definition of “physical or mental impairment and other terms used, please see 24 CFR 100.201, available at <http://www.fairhousing.com/index.cfm?method=page.display&pageID=465>.
 - “Handicap” does not include current, illegal use of or addiction to a controlled substance.
 - An individual shall not be considered to have a handicap solely because that individual is a transvestite.
- 2 – No
- 3 – Did not respond (Please initial below)

Resident/Applicant: I do not wish to furnish information regarding ethnicity, race and other household composition.

(Initials) _____
 (HH#) 1. 2. 3. 4. 5. 6. 7.

INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

This form is to be completed by the owner or an authorized representative.

Part I - Development Data

Enter the type of tenant certification: Initial Certification (move-in), Recertification (annual recertification), or Other. If other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

Effective Date Enter the effective date of the certification. For move-in, this should be the move-in date. For annual income recertification's, this effective date should be no later than one year from the effective date of the previous (re)certification.

Move-In Date Enter the most recent date the household tax credit qualified. This could be the move-in date or in an acquisition rehab property, this is not the date the tenant moved into the unit, it is the most recent date the management company income qualified the unit for tax credit purposes.

Property Name Enter the name of the development.

County Enter the county (or equivalent) in which the building is located.

TCAC# Enter the project number assigned to the property by TCAC. Please include hyphens between the state abbreviation, four digit allocating year, and project specific number. For example: CA-2010-123

BIN # Enter the building number assigned to the building (from IRS Form 8609).

Address Enter the physical address of the building, including street number and name, city, state, and zip code.

Unit Number Enter the unit number.

Bedrooms Enter the number of bedrooms in the unit.

Square Footage Enter the square footage for the entire unit.

Vacant Unit Check if unit was vacant on December 31 of requesting year. For example, for the collection of 2011 data, this would refer to December 31, 2011.

Part II - Household Composition

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following definitions:

| | | | |
|---|-------------------|---|----------------------------|
| H | Head of Household | S | Spouse |
| A | Adult Co-Tenant | O | Other Family Member |
| C | Child | F | Foster child(ren)/adult(s) |
| L | Live-in Caretaker | N | None of the above |

Date of Birth Enter each household member's date of birth.

Student Status Enter "Yes" if the household member is a full-time student or "NO" if the household member is not a full-time student.

Last Four Digits of Social Security Number: For each tenant 15 years of age or older, enter the last four digits of the social security number or the last four digits of the alien registration number. If the last four digits of SSN or alien registration is missing enter 9999. For tenants under age 15, social security number not required.

If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part III - Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List **each** respective household member number from Part II. Include anticipated income only if documentation exists verifying pending employment. If any adult states zero-income, please note "zero" in the columns of Part III.

- Column (A) Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
- Column (B) Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
- Column (C) Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).
- Column (D) Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
- Row (E) Add the totals from columns (A) through (D), above. Enter this amount.

Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. If individual household member income is provided, list the respective household member number from Part II and complete a separate line for each member.

- Column (F) List the type of asset (i.e., checking account, savings account, etc.)
- Column (G) Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
- Column (H) Enter the cash value of the respective asset.
- Column (I) Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
- TOTALS Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (J), Imputed Income.

- Row (K) Enter the greater of the total in Column (I) or (J)
- Row (L) Total Annual Household Income From all Sources Add (E) and (K) and enter the total

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days prior to the effective date of the certification.

Part V - Determination of Income Eligibility

- Total Annual Household Income from all Sources Enter the number from item (L).
- Current LIHTC Income Limit per Family Size Enter the Current Move-in Income Limit for the household size - specifically, the max income limit for the federal 50% or 60% set aside.
- Household Income at Move-in For recertifications only. Enter the household income from the move-in certification.
- Household Size at Move-in Enter the number of household members from the move-in certification.

Current Federal LIHTC Income Limit x 140% For recertifications only. Multiply the current LIHTC Maximum Move-in Income Limit by 140% and enter the total. 140% is based on the Federal Set-Aside of 20/50 or 40/60, as elected by the owner for the property, not deeper targeting elections of 30%, 40%, 45%, 50%, etc. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the LIHTC Income Limit per Family Size at Move-in date (above), then the available unit rule must be followed.

Unit Meets Federal Income Restriction at Check the appropriate box for the income restriction that the household meets according to what is required by the federal set-aside(s) for the project.

Unit Meets Deeper Targeting Income Restriction If your agency requires an income restriction lower than the federal limit, enter the percent required.

Part VI - Rent

Tenant Paid Monthly Rent Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).

Monthly Rent Assistance Enter the amount of rent assistance, if any.

Monthly Utility Allowance Enter the utility allowance. If the owner pays all utilities, enter zero.

Other Monthly Non-Optional Charges Enter the amount of non-optional charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.

Gross Monthly Rent for Unit Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges. The total may NOT include amounts other than Tenant Paid Rent, Utility Allowances and other non-optional charges. In accordance with the definition of Gross Rent in IRC §42(g)(2)(B), it may not include any rent assistance amount.

Maximum LIHTC Rent Limit for this unit Enter the maximum allowable gross rent for the unit. This amount must be the maximum amount allowed by the Current Income Limit per Family Size – specifically, the max rent limit for the federal 50% or 60% set aside.

Unit Meets Federal Rent Restriction at Indicate the appropriate rent restriction that the unit meets according to what is required by the federal set-aside(s) for the project.

Unit Meets Deeper Targeting Rent Restriction at If your agency requires a rent restriction lower than the federal limit, enter the percent required.

Part VII - Student Status

If all household members are full time* students, check "yes". Full-time status is determined by the school the student attends. If at least one household member is not a full-time student, check "no."

If "yes" is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

Part VIII – Program Type

Mark the program(s) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification. If the property does not participate in the HOME, Tax- Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

Tax Credit See Part V above.

HOME If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household's designation.

Tax Exempt If the property participates in the Tax Exempt Bond program; mark the appropriate box indicating the household's designation.

AHDP If the property participates in the Affordable Housing Disposition Program (AHDP), and this household's unit will count towards the set-aside requirements, select the appropriate box to indicate if the household is a VLI, LI or OI (at recertification) household.

Other If the property participates in any other affordable housing program, complete the information as appropriate.

SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner's representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.

PART IX. SUPPLEMENTAL INFORMATION

Complete this portion of the form at move-in and at recertification's (only if household composition has changed from the previous year's certification).

Tenant Demographic Profile

Complete for each member of the household, including minors. Use codes listed on supplemental form for Race, Ethnicity, and Disability Status.

Resident/Applicant Initials

All tenants who wish not to furnish supplemental information should initial this section. Parent/Guardian may complete and initial for minor child(ren).

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

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 November 1, 2013, by and between the City and County of San Francisco and the Owner (the "Regulatory Agreement")) were substantially completed and available for occupancy by tenants in the Project as of _____.

1. The undersigned hereby certifies that:

(a) the aggregate amount disbursed on the Loan (as that term is used in the Regulatory Agreement) to date is \$ _____;

(b) all amounts disbursed on the Loan have been applied to pay or reimburse the undersigned for the payment of Project Costs (as that term is used in the Regulatory Agreement) and none of the amounts disbursed on the Loan has been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs; and

(c) as shown on the attached sheet (showing the breakdown of expenditures for the Project and the source of the funds which were used to pay such costs), at least ninety-seven percent (97%) of the amounts disbursed on the Loan (as that term is used in the Regulatory Agreement) have been applied to pay or reimburse the Owner for the payment of Qualified Project Costs (as that term is used in the Regulatory Agreement) and less than twenty-five percent (25%) of the amounts disbursed on the Loan, exclusive of amounts applied to pay the costs of executing and delivery of the Note, have been applied to pay or reimburse the Owner for the cost of acquiring land.

[Signatures appear on next page]

Date: _____

OWNER:

TENDERLOIN FAMILY HOUSING, L.P.,
a California limited partnership

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

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

By: _____
Norman Fong
Executive Director

EXHIBIT D

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Project Name: Tenderloin Family Housing

CDLAC Application Number: 13-027

CDLAC Resolution Number: 13-56

Property Address:

Project Completion Date (if completed, otherwise mark NA):

Name of Obligation: City and County of San Francisco Multifamily Housing Revenue Note (Tenderloin Family Housing), 2013 Series C

The undersigned, being the authorized representatives of Tenderloin Family Housing, 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 November 1, 2013 (the "Regulatory Agreement"), between the Owner and the City; and
2. the Borrower Loan Agreement, dated as of November 1, 2013, between the City 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 executed 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-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 [Very] Low Income Tenants (minimum of [40%]60%).

C. As of the date of this Certificate, the following percentages of completed residential units in the Project (as defined in the Regulatory Agreement) (i) are occupied by Low Income Tenants (as such term is defined in the Regulatory Agreement), or (ii) are currently

vacant and being held available for such occupancy and have been so held continuously since the date a Low Income Tenant vacated such unit, as indicated below:

Occupied by Low Income Tenants:

| | |
|------------------------|-----------------|
| Studios: _____ | Unit Nos. _____ |
| 1 bedroom units: _____ | Unit Nos. _____ |
| 2 bedroom units: _____ | Unit Nos. _____ |
| 3 bedroom units: _____ | Unit Nos. _____ |
| 4 bedroom units: _____ | Unit Nos. _____ |
| 5 bedroom units: _____ | Unit Nos. _____ |

Total percentage occupied by Low Income Tenants: _____

Held vacant for occupancy continuously since last occupied by Low Income Tenant:

_____%; Unit Nos. _____

Vacant Units:

_____%; Unit Nos. _____

D. As of the date of this Certificate, the following percentages of completed residential units in the Project (as defined in the Regulatory Agreement) (i) are occupied by Very Low Income Tenants (as such term is defined in the Regulatory Agreement), or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Very Low Income Tenant vacated such unit, as indicated below:

Occupied by Very Low Income Tenants:

| | |
|------------------------|-----------------|
| Studios: _____ | Unit Nos. _____ |
| 1 bedroom units: _____ | Unit Nos. _____ |
| 2 bedroom units: _____ | Unit Nos. _____ |
| 3 bedroom units: _____ | Unit Nos. _____ |
| 4 bedroom units: _____ | Unit Nos. _____ |

Total percentage occupied by Very Low Income Tenants: _____

Held vacant for occupancy continuously since last occupied by Very Low Income Tenant:

_____%; Unit Nos. _____

Vacant Units:

_____%; Unit Nos. _____

It hereby is confirmed that each tenant currently residing in a unit in the Project has completed an Income Certification Form in the form approved by the City and that since commencement of the Qualified Project Period (as such term is defined in the Regulatory Agreement), 40% of the occupied units in the Project have been rented to (or are vacant and last occupied by) Low Income Tenants and 60% of the occupied units in the Project have been rented to (or are vacant and last occupied by) Very Low Income 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 Very Low Income Tenants and Low Income Tenants are of similar size and quality to other units and are dispersed throughout the Project.

E. Select appropriate certification: [No unremedied default has occurred under this Regulatory Agreement, the Note, the Borrower Loan Agreement, or the Mortgage.] [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 Resolution, the Project has committed to and is currently providing the following service amenities for a minimum of ten years, on a regular and ongoing basis, which are provided free of charge (with the exception of day care services):

Please check the services that apply or write N/A where appropriate:

_____ After-school Programs

_____ Educational, health and wellness, or skill building classes

_____ Health and Wellness services and programs (not group classes)

_____ Licensed Childcare provided for a minimum of twenty (20) hours per week (Monday-Friday)

_____ Bona-Fide Service Coordinator/ Social Worker

1) For this reporting period, attached is evidence (i.e. MOUs, contracts, schedules, calendars, flyers, sign-up sheets, etc.) confirming that the above listed services are being provided and have met the requirements of Exhibit A of the 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, and agrees to provide to the City such documentation or evidence, in support of the foregoing certifications, as the City or CDLAC may request.

[Signatures appear on next page]

Date: _____

OWNER:

TENDERLOIN FAMILY HOUSING, L.P.,
a California limited partnership

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

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

By: _____
Norman Fong
Executive Director

EXHIBIT E

CERTIFICATE AS TO COMMENCEMENT OF QUALIFIED PROJECT PERIOD

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

City and County of San Francisco
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attention: Executive Director

\$22,000,000
City and County of San Francisco
Multifamily Housing Mortgage Revenue Note
(Tenderloin Family Housing)
2013 Series C

The undersigned, being the authorized representative(s) of Tenderloin Family Housing, 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 captioned Note were first occupied on _____;

Fifty percent (50%) of the dwelling units in the Project financed in part from the proceeds of the captioned Note were first occupied on _____.

[Signatures appear on next page]

Date: _____

OWNER:

TENDERLOIN FAMILY HOUSING, L.P.,
a California limited partnership

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

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

By: _____
Norman Fong
Executive Director

Acknowledged:

City and County of San Francisco

By: _____

Name, Title

EXHIBIT F
CDLAC RESOLUTION

EXHIBIT G

CERTIFICATE OF COMPLIANCE (CDLAC RESOLUTION)

Project Name: Tenderloin Family Housing

CDLAC Application No.: 13-027

Pursuant to Section 13 of Resolution No. 13-56 (the "Resolution"), adopted by the California Debt Limit Allocation Committee (the "Committee") on September 18, 2013. I, _____, an Officer of the Project Sponsor, hereby certify under penalty of perjury that, as of the date of this Certification, the above-mentioned Project is in compliance with all of the terms and conditions set forth in the Resolution.

I further certify that I have read and understand Section 3 of the Resolution, which specifies that once the Note is executed and delivered, the terms and conditions set forth in the Resolution shall be enforceable by the Committee through an action for specific performance or any other available remedy (as further explained in Section 12 of the Resolution).

Signature of Officer

Date

Printed Name of Officer

Title of Officer

EXHIBIT H

CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS

The following provisions shall apply to this Regulatory 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 Regulatory Agreement.

1. Nondiscrimination; Penalties.

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

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

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

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

(v) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Regulatory Agreement as though fully set forth herein. The Owner shall comply fully with and be bound by all of the provisions that

apply to this Regulatory Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, the Owner understands that pursuant to §§12B.2(h) and 12C.3(g) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Regulatory Agreement may be assessed against the Owner and/or deducted from any payments due the Owner.

2. Local Business Enterprise Utilization; Liquidated Damages.

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

(ii) Compliance and Enforcement. If Owner willfully fails to comply with any of the provisions of the LBE Ordinance, the rules and regulations implementing the LBE Ordinance, or the provisions of this Regulatory Agreement pertaining to LBE participation, Owner shall be liable for liquidated damages in an amount equal to Owner's net profit on this Regulatory Agreement, or 10% of the total amount of this Regulatory Agreement, or \$1,000, whichever is greatest. The Director of the City's Human Rights Commission or any other public official authorized to enforce the LBE Ordinance (separately and collectively, the "Director of HRC") may also impose other sanctions against Owner authorized in the LBE Ordinance, including declaring the Owner to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Owner's LBE certification. The Director of HRC will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to Administrative Code §14B.17.

By entering into this Regulatory Agreement, Owner acknowledges and agrees that any liquidated damages assessed by the Director of the HRC shall be payable to the Governmental Lender upon demand. Owner further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to Owner on any contract with City.

Owner agrees to maintain records necessary for monitoring its compliance with the LBE Ordinance for a period of three years following termination or expiration of this Regulatory

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

3. Prevailing Wages. Owner understands and agrees that all provisions of section 1770, *et seq.*, of the California Labor Code are required to be incorporated into every contract for any public work or improvement and are hereby incorporated into this contract. Owner also understands and agrees that all provisions of sections 6.22E and 6.22F of the San Francisco Administrative Code are hereby incorporated into this contract. Owner also understands and agrees that all applicable provisions of the Davis-Bacon Act (40 U.S.C. §§3141 *et seq.*) are hereby incorporated into this Regulatory Agreement.

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

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

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

7. Compliance with Americans with Disabilities Act. The Owner acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. The Owner shall provide the services specified in this Regulatory Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. The Owner agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Regulatory Agreement and further agrees that any violation of this prohibition on the part of the Owner, its employees, agents or assigns will constitute a material breach of this Regulatory Agreement.

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

organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

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

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

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

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

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

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

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

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

(vii) The Owner represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

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

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

(i) 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.

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

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

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

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

(vi) The Owner represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(vii) The Owner shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the Regulatory Agreement.

(viii) The Owner shall keep itself informed of the current requirements of the HCAO.

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

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

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

(xii) The City may conduct random audits of the Owner to ascertain its compliance with HCAO. The Owner agrees to cooperate with the City when it conducts such audits.

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

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

13. Protection of Private Information. The Owner has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information," and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of

Private Information,” which are incorporated herein as if fully set forth. The Owner agrees that any failure of the Owner to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of this Regulatory Agreement. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate this Regulatory Agreement, bring a false claim action against the Owner pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Owner.

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

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

Any failure by the Owner to comply with this section of this Regulatory Agreement shall constitute a material breach of this Regulatory Agreement.

15. Submitting False Claims; Monetary Penalties. Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for penalties set forth in that Section. The text of Section 21.35, along with the entire San Francisco Administrative Code is available on the web at <http://www.municode.com/Library/clientCodePage.aspx?clientID=4201>. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or

approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

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

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

18. Proprietary or Confidential Information of City. The Owner understands and agrees that, in the performance of the work or services under this Regulatory Agreement or in contemplation thereof, the Owner may have access to private or confidential information which may be owned or controlled by City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to City. The Owner agrees that all information disclosed by City to the Owner shall be held in confidence and used only in the performance of the Regulatory 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 data.

19. Earned Income Credit (EIC) Forms. Administrative Code Section 12O requires that employers provide their employees with IRS Form W-5 (The Earned Income Credit Advance Payment Certificate) and the IRS EIC Schedule, as set forth below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere that Federal Tax Forms can be found. The Owner shall provide EIC Forms to each Eligible Employee at each of the following times: (i) within thirty days following the date on which this Regulatory Agreement becomes

effective (unless the Owner has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (ii) promptly after any Eligible Employee is hired by the Owner; and (iii) annually between January 1 and January 31 of each calendar year during the term of this Regulatory Agreement. Failure to comply with any requirement contained in subparagraph (a) of this Section shall constitute a material breach by the Owner of the terms of this Regulatory Agreement. If, within thirty days after the Owner receives written notice of such a breach, the Owner fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, the Owner fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the City may pursue any rights or remedies available under this Regulatory Agreement or under applicable law. Any Subcontract entered into by the Owner shall require the subcontractor to comply, as to the subcontractor's Eligible Employees, with each of the terms of this Section. Capitalized terms used in this Section and not defined in this Regulatory Agreement shall have the meanings assigned to such terms in Section 12O of the San Francisco Administrative Code.

FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)

| | |
|---|--|
| City Elective Officer Information <i>(Please print clearly.)</i> | |
| Name of City elective officer(s): Members, Board of Supervisors | City elective office(s) held: Members, Board of Supervisors |
| Contractor Information <i>(Please print clearly.)</i> | |
| Name of contractor: TENDERLOIN FAMILY HOUSING, L.P., A CALIFORNIA LIMITED PARTNERSHIP | |
| Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary. | |
| PLEASE SEE ATTACHED LIST OF BOARD MEMBERS | |
| Contractor address: 1525 GRANT AVENUE, SF 94133-3323 | |
| Date that contract was approved: <i>(By the SF Board of Supervisors)</i> | Amount of contract: UP TO \$22,000,000.00 |
| Describe the nature of the contract that was approved: BOND DOCUMENTS BETWEEN THE CITY AND TENDERLOIN FAMILY HOUSING L.P. PROCEEDS FROM THE BONDS WILL BE USED TO PAY FOR REHABILITATION COSTS AT 201 TURK STREET | |
| Comments: | |

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: San Francisco Board of Supervisors
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

| | |
|---|---|
| Filer Information <i>(Please print clearly.)</i> | |
| Name of filer: Angela Calvillo, Clerk of the Board | Contact telephone number: (415) 554-5184 |
| Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102 | E-mail: Board.of.Supervisors@sfgov.org |

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed

Board of Directors



Vivian Fei Tsen - Chair

Managing Partner, Tsen Development Group

Jian Guang Ji

Retired

Diana Pang

Care Navigator, Shanti

Ben Golvin - Vice Chair

Principal, Equity Community Builders

Margaret Jung

Partner, Goldfarb and Lipman LLP

Irma Poe

Senior Program Manager, Corporation of Support Housing

Patsy Chan - Secretary

Office Assistant/Transaction Coordinator, Comax Realty, Inc

Jimmy Kwan

Vice President of Affluent Sales, Wells Fargo Bank

Nils Rosenquest

Principal, Rosenquest & Associates

Gregory Chin -Treasurer

Senior Program Manager, California Housing Partnership Corporation

Gladys Lam

Principal, SOX Automation,

Susie Wong

Director of Operations and Development, San Francisco Network Ministries

Pamela Calloway

Principal, Calloway & Associate

Joanne Lee

Director of Financial Consulting and Program Development, Northern California Community Loan Fund

Carmen Ye

Student, University of California, Berkeley

Phil Chin

Principal, GreenFuels Inc

Tommy Lim

Optometrist, Berryessa Optometry

Amy Chung

Managing Member and Legal Counsel, Chung Investment, LLC

Ben Ng

Program Coordinator, Tenderloin Housing Clinic

FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)

| | |
|--|--|
| City Elective Officer Information <i>(Please print clearly.)</i> | |
| Name of City elective officer(s): Members, Board of Supervisors | City elective office(s) held: Members, Board of Supervisors |
| Contractor Information <i>(Please print clearly.)</i> | |
| Name of contractor: UNION BANK, N.A. | |
| <i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i> | |
| PLEASE SEE ATTACHED LIST OF EXECUTIVE MEMBERS | |
| Contractor address: Union Bank, N.A., Attn: Manager Community Development Finance 200 Pringle Avenue, Suite 355 Walnut Creek, California 94596 | |
| Date that contract was approved: <i>(By the SF Board of Supervisors)</i> | Amount of contract: UP TO \$22,000,000.00 |
| Describe the nature of the contract that was approved: BOND/NOTE DOCUMENTS BETWEEN THE CITY AND UNION BANK, N.A. THE PROCEEDS FROM THE NOTE WILL BE USED TO PAY FOR REHABILITATION COSTS AT 201 TURK STREET | |
| Comments: | |

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: San Francisco Board of Supervisors
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

| | |
|---|---|
| Filer Information <i>(Please print clearly.)</i> | |
| Name of filer: Angela Calvillo, Clerk of the Board | Contact telephone number: (415) 554-5184 |
| Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102 | E-mail: Board.of.Supervisors@sfgov.org |

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed

President & Chief Executive Officer**Masashi Oka**

Masashi Oka is President and Chief Executive Officer of Union Bank and UnionBanCal Corporation; and Senior Managing Executive Officer and Chief Executive Officer for the Americas for The Bank of Tokyo-Mitsubishi, UFJ, Ltd. (BTMU), where he has oversight for BTMU's business in all of the Americas, including Canada and Latin America. Union Bank is a wholly owned subsidiary of BTMU and a member of the Mitsubishi UFJ Financial Group, Inc. (MUFG), one of the world's largest financial organizations. Mr. Oka has served in his current role as President and CEO of Union Bank since July 2010 and BTMU CEO for the Americas since May 2012.

Mr. Oka began his banking career in 1979 with Mitsubishi Bank, Ltd. Since then, he has led a distinguished career with the BTMU family of companies in Tokyo, San Francisco, Los Angeles, and New York, including positions as Managing Executive Officer and Group Head of the Corporate and Investment Banking Group, and General Manager and Global Head of the Syndicated Finance Division for BTMU. Through 2005 to 2008, Mr. Oka served as Director and Vice Chairman of Union Bank and UnionBanCal Corporation, including Chief Risk Officer for Union Bank.

Mr. Oka earned his Bachelor of Law Degree from the University of Tokyo in 1979 and his Master of Law Degree from the University of Michigan Law School in 1986. He is a member of the New York State Bar.

He remains actively involved with several prominent community and industry organizations, serving as Deputy President and Director for the Japanese Chamber of Commerce of Northern California, as an Advisory Council Member of the Asia Foundation, as a Founding Member of the Executive Club of the Alliance Forum Foundation, and as Director for the following organizations: The Clearing House, Shimano American Corporation, Japan Society of Northern California, and Japan Business Association of Southern California. He is also a Trustee of the Asian Art Museum Foundation of San Francisco, serves as Governor to the Japanese American National Museum, and is a member of the Board for the Haas School of Business at the University of California, Berkeley; the San Francisco Opera Association; and the Kyoto Symposium Organization.

Vice Chairman and Chief Corporate Banking Officer**John C. Erickson**

John Erickson was appointed Vice Chairman and Chief Corporate Banking Officer in November 2009. Prior to his appointment he served as Vice Chairman and Chief Risk Officer of UnionBanCal Corporation and Union Bank, N.A. from April 2008 to November 2009. Previously, he served as Senior Executive Vice President and Deputy Chief Risk Officer. He also served as Executive Vice President and head of Commercial Banking and Wealth Management from May 2006 to September 2007. He served as head of Commercial Banking from April 2003 to April 2006. Mr. Erickson joined Union Bank in 1983 after graduating from the University of Southern California. He also received an MBA from the University of Southern California. He is a member of The Living Desert Board.

Vice Chairman and Chief Risk Officer**Mark W. Midkiff**

Mark W. Midkiff was appointed Vice Chairman in April 2010 after serving as Senior Executive Vice President and Chief Risk Officer since November 2009. He joined UnionBanCal Corporation and Union Bank, N.A. in June 2009 as Deputy Chief Credit Officer and became Chief Credit Officer in August of that year. Mr. Midkiff's extensive experience includes a 25-year career with Wachovia Corporation, where served as Chief Risk Officer for the General Banking Group. Prior to that, he had executive responsibilities including leading the Real Estate Risk Group, as well as heading the Commercial Real Estate Group. He is on the board of directors of the Risk Management Association.

Vice Chairman, Chief Retail Banking Officer**Timothy H. Wennes**

Timothy H. Wennes was appointed Vice Chairman in April 2010 after serving as Senior Executive Vice President and Chief Retail Banking Officer since November 2009. He has served as head of Retail Banking for UnionBanCal Corporation and Union Bank, N.A. since July 2008. Prior to joining Union Bank, Mr. Wennes spent five years with Countrywide Bank, serving in a number of capacities including president and chief operating officer and executive vice president of retail banking. Prior to Countrywide, he spent 14 years at Wells Fargo Bank, where he advanced from loan officer to regional president. Mr. Wennes is active in financial services industry associations and nonprofits, including serving on the board of the Consumer Bankers Association, the national board of directors of Operation HOPE, the Board of Regents of California Lutheran University, and the board of Town Hall Los Angeles.

Vice Chairman and Chief Financial Officer**John F. Woods**

John F. Woods has served as Vice Chairman and Chief Financial Officer of UnionBanCal Corporation and Union Bank, N.A., since December 2009. He joined the company in October 2009 as Vice Chairman, Financial Management Group. Most recently, Mr. Woods was Chief Financial Officer of JPMorgan Chase's Home Lending business. From 2005 to 2008, he served as a financial executive at Washington Mutual, Inc. Prior to Washington Mutual, he spent three years at the Federal Home Loan Mortgage Corporation (Freddie Mac). Mr. Woods began his financial career in 1986 with Arthur Andersen in Washington, D.C., where he rose to partner during his 16 years with the firm.

SEVP, Commercial Banking

Robert C. Dawson

Senior Executive Vice President Robert C. Dawson has served as head of the commercial banking group for Union Bank, N.A. since May 2006. Mr. Dawson joined the bank in 1985 and has previously held executive management positions within corporate capital markets, merchant banking and specialized lending. Mr. Dawson is a member of the Board of Managers, Ketchum YMCA, Los Angeles.

SEVP, Head of Community Banking

Pierre P. Habis

Pierre P. Habis was appointed Senior Executive Vice President in April 2010 after serving as Executive Vice President of Retail Banking since October 2008. He joined UnionBanCal Corporation and Union Bank, N.A., in September 2008 with more than 20 years of experience in consumer and business banking at Wells Fargo, Bank of America and Countrywide Bank. Mr. Habis heads more than 400 Union Bank branches in California, Oregon and Washington, as well as Union Bank's Business Banking and Priority Banking® groups. He is a member of the California Science Center Foundation's Board of Trustees and serves on the board of counselors for the George L. Argyros School of Business and Economics at Chapman University. Mr. Habis is director-at-large of the American Heart Association's Western States Affiliate board of directors and is also a member of Operation Hope's national board of directors.

SEVP, General Counsel

Morris W. Hirsch

Senior Executive Vice President Morris W. Hirsch has served as General Counsel of UnionBanCal Corporation and Union Bank, N.A. since July 2008. He served as Senior Vice President and Deputy General Counsel in Union Bank's Legal Division since 1996. He joined a Union Bank predecessor, The Bank of California, in 1989 as Vice President and Senior Counsel. Prior to that, he was a partner at the law firm of Pillsbury, Madison & Sutro in San Francisco. Mr. Hirsch is a member of the Board of Trustees of the World Affairs Council of Northern California.

SEVP, Chief Information and Operations Officer

John Itokazu

Senior Executive Vice President John Itokazu has served as Chief Information and Operations Officer for UnionBanCal Corporation and Union Bank, N.A. since July 2011. Mr. Itokazu's extensive experience includes a 30-year career with Zions BanCorporation where he most recently served as Chief Information and Operations Officer. Prior to that, he headed treasury management services and directed retail operations for Zions Bank.

SEVP, Deputy Chief Financial Officer/Chief Liaison Officer

Kazuo (Kaz) Koshi

Senior Executive Vice President Kazuo (Kaz) Koshi was appointed Deputy Chief Financial Officer and Chief Liaison Officer for UnionBanCal Corporation and Union Bank, N.A. in July 2011. Mr. Koshi is a veteran of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) with more than 25 years of experience in Financial Planning. Prior to his appointment at Union Bank, Mr. Koshi served as general manager of the North American Strategy Office in the BTMU Global Planning Division.

SEVP, Treasurer

Erin Selleck

Erin Selleck was appointed Senior Executive Vice President and Treasurer for UnionBanCal Corporation and its primary subsidiary, Union Bank, N.A. in 2012, after serving as Executive Vice President and Treasurer since 2008. She is responsible for managing all corporate treasury functions for the bank, including interest rate risk and liquidity risk management, funding, balance sheet management and the bank's investment security portfolio. She also oversees the bank's relationship with rating agencies and investors. In addition to her responsibilities as Treasurer, Ms. Selleck serves as a member of the bank's executive committee, which functions as Union Bank's primary policy-making body. Ms. Selleck joined Union Bank in 2002 as senior vice president and Director of Corporate Treasury Risk Management, was named Treasurer in 2005 and promoted to executive vice president in 2008. She began her career in the financial services industry in 1984 at Bank of America in San Francisco. Ms. Selleck serves on the board of Heal the Bay, an environmental non-profit

based in Santa Monica. She also is on the board of the Organization of Women Executives and the National Association of Corporate Treasurers.

SEVP, Real Estate Industries

J. Michael Stedman

Senior Executive Vice President J. Michael Stedman has served as head of Real Estate Industries of UnionBanCal Corporation and Union Bank, N.A. since November 2006. He served as Senior Vice President and Senior Credit Officer for Real Estate from February 2003 to November 2006 and was Senior Vice President and Real Estate Loan Center Manager from April 1999 to February 2003. Mr. Stedman is an active member of the Urban Land Institute and the International Council of Shopping Centers. He also serves as a member of the policy advisory board of the Fisher Center for Real Estate and Urban Economics at UC Berkeley.

SEVP, Chief Human Resources Officer

Annemieke van der Werff

Annemieke van der Werff was appointed Senior Executive Vice President and Chief Human Resources Officer for UnionBanCal Corporation and its primary subsidiary, Union Bank, N.A., in 2012. She is responsible for all aspects of Human Resources, including Talent Management and Development, Compensation, Benefits, Talent Acquisition, Diversity & Inclusion, HR Systems and Planning and Employee Relations. Prior to joining Union Bank, Ms. van der Werff was global head of Human Resources for Global Functions and the Global Retail Bank at HSBC Holdings plc in London. Before joining HSBC, she spent 27 years with the Dutch bank ABN AMRO in various positions, ultimately as Corporate Executive Vice President and Head of Human Resources for the bank's North America Region, based in Chicago. Ms. van der Werff is a member of the Society for Human Resource Management. She is also a member of the Human Resource Management Association of Chicago (HRMAC), where she served on the board for three years and as chair of the 2006 HRMAC Summit.

SEVP, Independent Risk Monitoring Group

John M. Wied

Senior Executive Vice President John M. Wied has served as Group Head of the Independent Risk Monitoring Group for UnionBanCal Corporation and Union Bank, N.A. since October 2008. Mr. Wied's extensive experience includes a 34-year career with the Office of the Comptroller of the Currency (OCC). During his tenure, he was part of the OCC's Large Bank Group, working predominately with Wells Fargo and Bank of America since 1991.