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

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

And

MACEO MAY APTS, L.P.

as Borrower

LOAN AGREEMENT

Dated as of January 1, 2020

Relating to

**\$ _____
City and County of San Francisco, California
Multifamily Housing Revenue Bonds
(Maceo May Apartments),
Series 2020__**

The interest of the City and County of San Francisco, California (the "Issuer") in this Loan Agreement has been assigned (except for certain "Reserved Rights" as defined in this Loan Agreement) pursuant to the Trust Indenture dated as of the date hereof from the Issuer to U.S. Bank National Association, as trustee (the "Trustee"), and is subject to the security interest of the Trustee thereunder.

ARTICLE 1	DEFINITIONS	2
Section 1.1	Definitions	2
Section 1.2	Construction	8
ARTICLE 2	REPRESENTATIONS AND COVENANTS	8
Section 2.1	Representations by the Issuer	8
Section 2.2	Representations by the Borrower	9
Section 2.3	Covenants by the Borrower	15
ARTICLE 3	LOAN AND PROVISIONS FOR REPAYMENT	17
Section 3.1	Issuance of Bonds and Delivery of Note and other Loan Documents.....	17
Section 3.2	Loan Repayments and Other Amounts	18
Section 3.3	Payments Pledged and Assigned.....	20
Section 3.4	Obligations of Borrower Hereunder Unconditional	20
ARTICLE 4	ADVANCES	21
Section 4.1	Requisition	21
ARTICLE 5	SPECIAL COVENANTS OF THE BORROWER	21
Section 5.1	Commencement and Completion of Project	21
Section 5.2	Records and Accounts.....	21
Section 5.3	Financial Statements and Information.....	21
Section 5.4	Insurance	23
Section 5.5	Liens and Other Charges	23
Section 5.6	Inspection of Project and Books, Appraisals.....	23
Section 5.7	Compliance with Laws, Contracts, Licenses, and Permits.....	24
Section 5.8	Use of Proceeds.....	24
Section 5.9	Borrower to Pay Excess Project Costs	24
Section 5.10	Laborers, Subcontractors and Materialmen.....	25
Section 5.11	Further Assurance of Title.....	25
Section 5.12	Publicity	25
Section 5.13	Further Assurances	26
Section 5.14	Notices.....	26
Section 5.15	Solvency; Adequate Capital	26
Section 5.16	Management Contract	26
Section 5.17	Negative Covenants of the Borrower	27
Section 5.18	Arbitrage and Tax Matters	28
Section 5.19	Indemnification	30
Section 5.20	Agreements Between Borrower and its Affiliates.....	32

Section 5.21	[Reserved]	32
Section 5.22	Tax and Insurance Fund	32
Section 5.23	Covenants Regarding Tax Credits.....	33
Section 5.24	Leasing	34
Section 5.25	Compliance with Anti-Terrorism Regulations	35
Section 5.26	Compliance with City Contracting Requirements.....	36
ARTICLE 6	OPTION AND OBLIGATIONS OF BORROWER TO PREPAY.....	36
Section 6.1	Optional Prepayment.....	36
Section 6.2	Mandatory Prepayment	37
Section 6.3	Amounts Required for Prepayment.....	37
Section 6.4	Cancellation at Expiration of Term.....	38
ARTICLE 7	EVENTS OF DEFAULT AND REMEDIES.....	38
Section 7.1	Events of Default.....	38
Section 7.2	Remedies on Default	41
Section 7.3	No Remedy Exclusive	41
Section 7.4	Agreement to Pay Fees and Expenses of Counsel.....	41
Section 7.5	No Additional Waiver Implied by One Waiver; Consents to Waivers	42
Section 7.6	Remedies Subject to Applicable Law	42
Section 7.7	Cure by Investor Limited Partner.....	42
Section 7.8	Issuer Exercise of Remedies.....	42
ARTICLE 8	MISCELLANEOUS.....	42
Section 8.1	General Provisions	42
Section 8.2	Authorized Borrower Representative	43
Section 8.3	Binding Effect	43
Section 8.4	Execution in Counterparts.....	44
Section 8.5	Amendments, Changes and Modifications.....	44
Section 8.6	Severability.....	44
Section 8.7	Notices.....	44
Section 8.8	Applicable Law; Venue.....	44
Section 8.9	Debtor Creditor Relationship	44
Section 8.10	Usury; Total Interest.....	45
Section 8.11	Term of this Loan Agreement	45
Section 8.12	Non-Recourse.....	45
Section 8.13	Limitation on Liability of the Issuer; Issuer May Rely	46
Section 8.14	Waiver of Personal Liability	48

Section 8.15	PATRIOT Act Notice.....	48
Section 8.16	Assignment and Transfer of Note and Loan Documents	48
EXHIBIT A	LEGAL DESCRIPTION OF REAL ESTATE.....	A-1
EXHIBIT B	FORM OF PROMISSORY NOTE	B-1
EXHIBIT C	PROJECT APPROVALS TO BE OBTAINED	C-1
EXHIBIT D	FORM OF APPROVED RESIDENTIAL LEASE	D-1
EXHIBIT E	[RESERVED].....	E-1
EXHIBIT F	FORM OF MONTHLY LEASE UP REPORT.....	F-1
EXHIBIT G	[RESERVED].....	G-1
EXHIBIT H	CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS.....	H-1

LOAN AGREEMENT

This LOAN AGREEMENT dated as of January 1, 2020 (together with all supplements, modifications and amendments thereto, this “**Loan Agreement**”), among CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA, a municipal corporation and chartered city and county duly organized and validly existing under the City Charter and the Constitution and the laws of the State of California (together with its successors and assigns, the “**Issuer**”), U.S. BANK NATIONAL ASSOCIATION, a national banking association, as trustee under the herein defined Indenture (together with any successor trustee hereunder and their respective successors and assigns, the “**Trustee**”), and MACEO MAY APTS, L.P., a California limited partnership (together with its successors and assigns, the “**Owner**” or the “**Borrower**”).

W I T N E S S E T H :

WHEREAS, pursuant to Section 9.107 of the Charter of the Issuer, and Article 1 of Chapter 43 of the San Francisco Administrative Code and, to the extent applicable, Section 52097.5 of the California Health and Safety Code (collectively, the “**Act**”), the Issuer is authorized to issue one or more series of its revenue bonds and to loan the proceeds thereof to finance the acquisition, construction and equipping of residential rental housing facilities to provide housing for persons of low and very low income; and

WHEREAS, by proceedings adopted pursuant to and in accordance with the provisions of the Act, the Issuer has authorized the issuance of its Multifamily Housing Revenue Bonds (Maceo May Apartments), Series 2020__ in the maximum aggregate principal amount of \$ _____ (the “**Bonds**”), to finance a portion of the costs of the acquisition, development, construction and equipping of a 105-unit affordable residential rental development to be located on an approximately 0.74-acre parcel identified as Parcel C3.2 in the Treasure Island Master Plan, currently assigned the street address of 401 Avenue of the Palms, San Francisco, California, to be known as Maceo May Apartments; and

WHEREAS, pursuant to this Loan Agreement, the Issuer has agreed to issue the Bonds and to use proceeds of the Bonds to fund a loan to the Borrower (the “**Loan**”), and the Borrower has agreed to (i) apply the proceeds of the Loan to pay a portion of the costs of acquisition, development, construction and equipping of the Project, (ii) make payments sufficient to pay the principal of, premium, if any, and interest on the Bonds when due (whether at maturity, by redemption, acceleration or otherwise), and (iii) observe the other covenants and agreements and make the other payments set forth herein; and

WHEREAS, the Borrower has delivered to the Trustee, on behalf of the Issuer, a promissory note dated the date of issuance of the Bonds in an aggregate original principal amount equal to the aggregate original principal amount of the Bonds in substantially the form set forth on *Exhibit B* hereto (as the same may be amended, modified or supplemented from time to time, the “**Note**”) evidencing its obligation to repay the Loan; and

WHEREAS, to secure its obligations under the Loan Agreement and the Note, the Borrower has executed (i) a Construction and Permanent Leasehold Deed of Trust, with Assignment of Leases and Rents, Security Agreement, and Fixture Filing (as amended, modified

or supplemented from time to time, the “**Mortgage**”), in favor of the Issuer, and (ii) an Assignment of Contracts, Plans and Specifications (as amended, modified or supplemented from time to time, the “**Assignment of Project Documents**”), each dated as of even date with this Indenture, for the benefit of the Issuer, and to be assigned to Trustee, as secured party;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 Definitions. The following capitalized terms shall have the meanings specified in this Article unless the context requires otherwise. All other capitalized terms used herein which are defined in the Indenture and not defined herein shall have the respective meanings ascribed thereto in the Indenture unless otherwise expressly provided or unless the context otherwise requires. The singular shall include the plural and the masculine shall include the feminine and neuter shall include the masculine or feminine.

“Accountant” means Lindquist, von Husen & Joyce LLP, or such other independent certified public accountant or firm of independent certified public accountants, selected by the Borrower and approved by the Servicer, such approval not to be unreasonably withheld or delayed.

“Additional Interest” means an amount equal to the excess of (i) the amount of interest an Owner (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as defined in Section 147(a) of the Code) would have received at the Taxable Rate from and after the Determination of Taxability over (ii) the aggregate amount of interest actually received by an Owner for said period.

“Appraisal” means an appraisal of the market value of the Project performed by a qualified independent appraiser approved by the Servicer.

“Approved Budget” means the Proposed Budget approved by the Servicer.

“Architect” means Mithun, Inc., as the architect for the Project.

“Architect’s Contract” means that certain agreement, dated December 20, 2018, by and between the Borrower and the Architect in connection with the design of the Project.

“Bank” means Silicon Valley Bank and its successors and assigns.

“Capital Expenditures” means capital expenditures determined in accordance with generally accepted accounting principles relating to the repair, renovation or replacement of the Project.

“Change Order” means a change made to the Plans and Specifications, as evidenced by a written change order request in accordance with the terms of the Construction Contract.

“Completion Date” means December 1, 2021, as the same may be extended in accordance with Section 5.1(a) hereof and the Construction Disbursement Agreement.

“Construction Contract” means the contract to be executed within sixty (60) days of the Closing Date between the Borrower and the Contractor, providing for the construction and equipping of the Improvements and certification of Requisitions, among other things.

“Construction Disbursement Agreement” means the Construction Disbursement and Permanent Loan Agreement of even date with this Loan Agreement, as amended, modified or supplemented from time to time, between the Borrower and the Bank.

“Consulting Engineer” shall have the meaning ascribed to that term in the Construction Disbursement Agreement.

“Contractor” means Cahill Contractors, Inc., or another general contractor approved by the Majority Owner.

“Control,” “Controlled” and “Controlling” means, with respect to any Person, either (i) ownership directly or indirectly 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.

“Default” or “Event of Default” means, when referring to: (i) the Indenture, an event or condition specified or defined as such by Article VI of the Indenture; and (ii) this Loan Agreement, an event or condition specified or defined as such by Section 7.1 hereof.

“Default Rate” shall have the meaning specified in the Note.

“Development Budget” means the budget for total estimated Project Costs and sources of payment attached to the Construction Disbursement Agreement, as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof and the Construction Disbursement Agreement.

“Direct Costs” means the costs of the Improvements, the Personal Property, and all labor, materials, fixtures, machinery and equipment required to construct and equip the Improvements in accordance with the Plans and Specifications.

“Financing Statements” means Uniform Commercial Code Form 1 Financing Statement(s) from the Borrower and the General Partner in favor of the Trustee.

“General Partner” means each of (i) CCDC-Maceo May Apts LLC, a California limited liability company, and (ii) Swords-Maceo May Apts LLC, a California limited liability company, together with their permitted successors and assigns as general partners of the Borrower.

“General Partner Documents” means the Partnership Assignment and the Environmental Indemnity.

“Generally Accepted Accounting Principles” means the principles that are (i) consistent with the principles promulgated or adopted by the Financial Accounting Standards Board and its predecessors, as in effect from time to time, and (ii) consistently applied with past financial statements of the Borrower adopting the same principles; *provided*, that a certified public accountant would, insofar as the use of such accounting principles is pertinent, be in a position to deliver an unqualified opinion (other than a qualification regarding changes in Generally Accepted Accounting Principles) as to financial statements in which such principles have been properly applied.

“Governmental Authority” means the United States, the State in which the Land is located and any political subdivision, agency, department, commission, board, bureau, authority or instrumentality of either of them, including any local authorities, or any other entity exercising executive, legislative, judicial, regulatory or administrative functions of government, which has jurisdiction over the Land or the construction, equipping and operation of the Project thereon.

“Hazardous Substances” has the meaning set forth for that term in the Environmental Indemnity.

“Imposition” shall have the meaning ascribed to that term in the Mortgage.

“Improvements” means the 105-unit affordable rental housing project with related site improvements and amenities located on the Land and developed, constructed, equipped and furnished in accordance with the Plans and Specifications.

“Indebtedness” means all obligations, contingent and otherwise, that in accordance with Generally Accepted Accounting Principles should be classified upon the Obligor’s balance sheet as liabilities, or to which reference should be made by footnotes thereto, including in any event and whether or not so classified: (a) all debt and similar monetary obligations, whether direct or indirect; (b) all liabilities secured by any deed to secure debt, mortgage, deed of trust, pledge, security interest, lien, charge or other encumbrance existing on property owned or acquired subject thereto, whether or not the liability secured thereby shall have been assumed; (c) all liabilities under capitalized leases; and (d) all guaranties, endorsements and other contingent obligations whether direct or indirect in respect of indebtedness of others, including the obligations to reimburse the issuer of any letter of credit for amounts drawn on such letter of credit.

“Indirect Costs” means all title insurance premiums, survey charges, engineering fees, architectural fees, real estate taxes, appraisal costs, premiums for insurance, marketing, advertising and leasing costs, brokerage commissions, legal fees, accounting fees, overhead and administrative costs, and all other expenses as shown on the Development Budget which are expenditures relating to the Project and are not Direct Costs.

“Initial Notification of Taxability” means the receipt by the Trustee or the Owner of a communication from the Internal Revenue Service or any court of competent jurisdiction to the effect that interest on the Bonds is not excluded, or will not in the future be excluded, from the

gross income of the owners of the Bonds for federal income tax purposes (other than an owner who is a “substantial user” of the Project or a “related person” to a “substantial user,” as such terms are defined in Section 147(a) of the Code).

“Investor Limited Partner” means RJ MT MACEO MAY APTS L.L.C., a Florida limited liability company, together with its permitted successors and assigns as limited partner in Borrower.

“Issuer Annual Fee” means the annual fee of the Issuer due and payable pursuant to Section 18 of the Regulatory Agreement.

“Issuer Fee” means an issuance fee in the amount of _____ Dollars (\$_____) payable on or before the Closing Date pursuant to Section 18 of the Regulatory Agreement.

“Land” means the real property described in *Exhibit A* attached hereto.

“Lien” means any interest in the Project or any part thereof or any right therein, including without limitation any rents, issues, profits, proceeds and revenues therefrom, securing an obligation owed to, or a claim by, any Person, whether such interest is based on the common law, statute or contract, and including but not limited to the lien and security interest arising from a deed to secure debt, mortgage, deed of trust, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term “Lien” shall also include any and all reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting the Project or any part thereof or any interest therein.

“Loan Fees” means loan fees payable by the Borrower to the Bank in accordance with the Borrower’s agreement with the Bank.

“Management Agreement” means the Property Management Agreement dated as of July 30, 2019, between the Borrower and the Manager, and any substitute agreement relating to the management of the Project.

“Manager” means Chinatown Community Development Center, Inc., or any successor manager of the Project approved by the Servicer and the Issuer (which approval of the Issuer shall not be unreasonably withheld and shall be deemed granted if not rejected within ten (10) days of receipt of written request therefor).

“Obligor(s)” means the Borrower, the General Partner and the Guarantor.

“Organizational Documents” means for any corporation, partnership, trust, limited liability company, limited liability partnership, unincorporated association, business or other legal entity, the documents pursuant to which such entity has been established or organized, as such documents may be amended from time to time in accordance with the terms of this Loan Agreement.

“Partnership Agreement” means the Amended and Restated Agreement of Limited Partnership of the Borrower dated as of January 1, 2020, among the General Partners, the

withdrawing initial limited partner, and the Investor Limited Partner, as the same may be amended, modified or supplemented from time to time, subject to the terms hereof.

“Partnership Documents” means, collectively, the Partnership Agreement and any other documents that govern the formation, organization, management and funding of Borrower’s partnership.

“Permitted Encumbrances” shall have the meaning ascribed to such term in the Mortgage.

“Personal Property” means all materials, furnishings, fixtures, furniture, machinery, equipment and all items of tangible or intangible personal property now or hereafter owned or acquired by the Borrower in which the Issuer has been or will be granted an interest to secure the obligations of the Borrower under the Loan Documents.

“Plans and Specifications” means the plans and specifications for the Project prepared by the Architect and more particularly described in the Construction Disbursement Agreement, as the same may be amended, modified or supplemented in accordance with the terms hereof and the Construction Disbursement Agreement.

“Project Approvals” means all approvals, consents, waivers, orders, agreements, authorization, permits and licenses required under applicable Legal Requirements or under the terms of any restriction, covenant or easement affecting the Project, or otherwise necessary or desirable for the ownership, acquisition, construction, equipping, use and operation of the Project and the Improvements, whether obtained from a Governmental Authority or any other Person.

“Project Costs” means the sum of all Direct Costs and Indirect Costs that will be incurred by the Borrower in connection with the acquisition of the Land and the Improvements, the construction and equipping of the Improvements, the marketing and leasing of leasable space in the Improvements, and the operation and carrying of the Project through Stabilization.

“Project Revenues” means, for any period, the revenues actually collected during such period (a) generated from all tenants and others occupying or having a right to occupy or use the Project or any portion thereof (other than revenue from Section 8 vouchers to the extent such revenue causes the rent on any unit to exceed the lower of (A) maximum allowable tax credit rent designated for that unit or (B) the average rent being achieved for similar non-Section 8 subsidized units within the Project for such period), adjusted to reflect rental concessions over the term of any applicable lease, and (b) from the use and occupancy of any amenities and services of the Project, including vending machine income, net cable TV revenues, laundry service and parking income, but exclusive of (i) capital contributions, (ii) net proceeds from the sale or refinancing of the Project, (iii) net proceeds of insurance (other than proceeds of loss of rent insurance to the extent paid for apartment units occupied at the time of the loss), and net condemnation awards, (iv) security deposits and prepaid rents to the extent not permitted to be released to the Borrower pursuant to the terms of leases, and (v) interest earnings.

“Proposed Budget” means the proposed capital and operating budget for the Project, submitted to the Servicer for approval.

“Related Person” means a “related person” as defined in Section 147(a) of the Code.

“Replacement Reserve” shall have the meaning ascribed to that term in Section 5.22(b) hereof.

“Replacement Reserve Agreement” means that certain Replacement Reserve Agreement by and between the Borrower and the Bank.

“Required Equity Contributions” means contributions by Investor Limited Partner to the capital of the Borrower, for application to Project Costs in accordance with the Approved Budget, to be contributed and so applied in installments at times and in amounts approved by the Servicer, in the aggregate amount of [Twenty-Nine Million Ninety-Seven Thousand Seventy-Two] and No/100 Dollars (\$[29,097,072]), subject to the terms of the Partnership Agreement.

“Reserved Rights” means, the rights of the Issuer hereunder pursuant to Sections 2.3(a), 2.3(b), 2.3(c), 2.3(d), 2.3(e), 2.3(f), 2.3(l), 2.3(m), 3.2(c), 3.2(d), 3.2(e), 5.3, 5.6, 5.10, 5.13, 5.14, 5.19, 6.3(a)(ii), 7.4, 7.8, 8.1, 8.12, 8.13, 8.14, and 8.15 hereof, the right to enforce the provisions of Section 5.26 hereof, and the right to demand specific performance under the Regulatory Agreement, which are retained and not assigned to the Trustee pursuant to the Indenture.

“Secured Property” shall have the meaning ascribed to such term in the Mortgage.

“Single Purpose Entity” means an entity that (i) is formed solely for the purpose of owning and operating a single asset; (ii) does not engage in any business unrelated to such asset; (iii) keeps its own books and records and its own accounts, separate and apart from the books, records and accounts of any other Person; and (iv) holds itself out as being a legal entity, separate and apart from any other Person.

“Survey” means an instrument survey of the Land and the Improvements prepared in accordance with the Servicer’s survey requirements, such survey to be reasonably satisfactory to the Servicer in form and substance.

“Tax Credits” means the federal low income housing credits available with respect to the Project.

“Taxable Rate” means a rate of interest equal to [_____] in excess of the "Prime Rate" or "Reference Rate" set by Bank of America, N.A. based on various factors, including Bank of America, N.A.'s costs and desired return, general economic conditions and other factors, and is used as a basis for pricing loans.

“Title Insurance Company” means Old Republic Title Company.

“Title Policy” means an ALTA standard form title insurance policy issued by the Title Insurance Company for the benefit of the Trustee and, its successors and assigns, as their interests may appear (with such reinsurance or co-insurance as the Servicer may require, any such reinsurance to be with direct access endorsements) insuring the priority of the Mortgage and that the Borrower holds a marketable leasehold interest in the Land and fee interest in the Improvements, subject only to Permitted Encumbrances and such exceptions as the Servicer may

approve, and containing such endorsements and affirmative insurance as the Servicer in its discretion may require.

Section 1.2 Construction. In this Loan Agreement, unless the context otherwise requires:

(a) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Loan Agreement.

(b) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms refer to this Indenture, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of adoption of this Loan Agreement.

(c) Words of the masculine gender shall mean and include correlative words of the female gender or the neuter, and words importing the singular number shall mean and include the plural number and vice versa.

(d) References in this Indenture to particular sections of the Code, the Act or any other legislation shall be deemed to refer also to any successor sections thereto or other redesignation for codification purposes.

ARTICLE 2

REPRESENTATIONS AND COVENANTS

Section 2.1 Representations by the Issuer. The Issuer makes the following representations as of the date of the execution and delivery of this Loan Agreement as the basis for the undertakings on its part herein contained:

(a) The Issuer is a municipal corporation and chartered city and county duly organized and validly existing under the City Charter and the Constitution and the laws of the State of California.

(b) The Issuer has power and lawful authority to adopt the Resolution, to execute and deliver the Issuer Documents; to issue the Bonds and receive the proceeds of the Bonds; to apply or cause to be applied the proceeds of the Bonds to make the Loan; to assign the revenues derived and to be derived by the Issuer from the Loan to the Trustee; and to perform and observe the provisions of the Issuer Documents and the Bonds on its part to be performed and observed.

(c) The Issuer has duly authorized the execution and delivery of the Issuer Documents and the issuance, execution, sale and delivery of the Bonds, and the performance of the obligations of the Issuer thereunder.

(d) To the best knowledge of the Issuer, there is no litigation pending or, to the knowledge of the Issuer, threatened, in any court, either state or federal, calling into question (i) the creation, organization or existence of the Issuer, (ii) the validity of the Issuer Documents or the Bonds, (iii) the authority of the Issuer to adopt, make or perform, as the case may be, the

Issuer Documents or to issue, execute and deliver the Bonds or (iv) the exclusion from gross income of interest on the Bonds for purposes of federal income taxation.

(e) All actions on the part of the Issuer necessary for the execution and delivery of the Issuer Documents, the issuance, execution, sale and delivery of the Bonds and the performance by the Issuer of its obligations thereunder have been duly and effectively taken. To the best knowledge of the Issuer, no consent, authorization or approval of, or filing or registration with, any governmental or regulatory body is required on the part of the Issuer for the execution and delivery of the Issuer Documents, the issuance, execution, sale and delivery of the Bonds, or the performance by the Issuer of its obligations under the Issuer Documents or the Bonds, except the aforesaid action on the part of the Issuer which has been duly and effectively taken.

(f) The Issuer makes no representation or warranty, express or implied, that the proceeds of the Bonds will be sufficient to finance the acquisition, development, construction and equipping of the Project or that the Project will be adequate or sufficient for the Borrower's intended purposes.

(g) The Issuer has used no broker in connection with the execution hereof and the transactions contemplated hereby.

Section 2.2 Representations by the Borrower. The Borrower makes the following representations and warranties, and covenants and agrees as follows, as of and from the date of the execution and delivery of this Loan Agreement as the basis for the undertakings on its part herein contained:

(a) The Borrower is, and at all times will be, a limited partnership in good standing under the laws of the State, has full legal right, power and authority to lease the Land, develop the Improvements, operate the Project, enter into this Loan Agreement and the Loan Documents, and carry out and consummate all transactions contemplated hereby and by the Loan Documents, and by proper corporate action has duly authorized the execution, delivery and performance of this Loan Agreement and the Loan Documents. The General Partners are each, and at all time will be, a limited liability company, duly organized, validly existing and in good standing under the laws of the State. The officers of the Borrower executing this Loan Agreement and the Loan Documents are duly and properly in office and fully authorized to execute the same. This Loan Agreement and the Loan Documents have been duly authorized, executed and delivered by the Borrower.

(b) The execution and delivery of this Loan Agreement and the Loan Documents, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the Partnership Agreement of the Borrower, or to the best knowledge of the Borrower and with respect to the Borrower, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition

of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Loan Agreement or the Loan Documents, or the financial condition, assets, properties or operations of the Borrower.

(c) This Loan Agreement and the Loan Documents will constitute the legal, valid and binding agreements of the Borrower enforceable against the Borrower in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

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

(e) The Borrower is, and will at all times be, a Single Purpose Entity. The address of the Borrower's chief executive office and principal place of business is MACEO MAY APTS, L.P., c/o Chinatown Community Development Center, Inc., 1515 Vallejo Street, 4th Floor, San Francisco, CA 94109, Attention: Asset Management. The organizational identification number for the Borrower is 201810200012. The federal employer identification number for the Borrower is 82-5192084.

(f) On the Closing Date, the Borrower will hold a leasehold interest in the Land and fee interest in the Improvements, in each case subject only to the Permitted Encumbrances. The Borrower possesses, and will at all times possess, all franchises, patents, copyrights, trademarks, trade names, licenses and permits, and rights in respect of the foregoing, adequate for the conduct of its business substantially as now conducted or as it is intended to be conducted with respect to the Project, without known conflict with any rights of others.

(g) The Borrower is not subject to any charter, partnership or other legal restriction, or any judgment, decree, order, rule or regulation that has or is expected in the future to have a materially adverse effect on the business assets or financial condition of the Borrower. The Borrower is not, and will not be, a party to any contract or agreement that has or is expected, in the judgment of the Borrower's general partner, to have any materially adverse effect on the business or financial condition of the Borrower.

(h) The Borrower is not and will not at any time be, in violation of any provision of its Organizational Documents or any agreement or instrument to which it may be subject or by which it or any of its properties may be bound or any decree, order, judgment, statute, license, rule or regulation, in any of the foregoing cases in a manner that could result in the imposition of

substantial penalties or adversely affect the financial condition, properties or business of the Borrower.

(i) The Borrower and each Obligor (i) has made or filed, and will make or file in a timely fashion, all federal and state income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) has paid, and will pay when due, all taxes and other governmental assessments and charges shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and by appropriate proceedings, (iii) if a partnership, limited liability partnership or limited liability company, has, and will maintain, partnership tax classification under the Code, and (iv) has set aside, and will at all times set aside, on its books provisions reasonably adequate for the payment of all taxes for periods subsequent to the period to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the partners, officers, members or trustees of the Borrower know of no basis for any such claim. The Borrower has filed, and will continue to file, all of such tax returns, reports, and declarations either (x) separately from any Affiliate or (y) if part of a consolidated filing, as a separate member of any such consolidated group.

(j) The Project is located wholly within the City and County of San Francisco, California, and within the jurisdiction of the Issuer.

(k) There is no Event of Default on the part of the Borrower or any Obligor under this Loan Agreement or any other Loan Document, any General Partner Document, the Guaranty or any Organizational Document, and no event has occurred and is continuing which after notice or passage of time or both would give rise to a default under any thereof. The Borrower has received no notices of and has no knowledge of any violations of any Legal Requirements or Project Approvals.

(l) The certifications, representations, warranties, statements, information and descriptions contained in the Loan Documents and in the Borrower's Tax Certificate, as of the date of the first authentication and delivery of the Bonds, are and will be true, correct and complete, do not and will not contain any untrue statement or misleading statement of a material fact, and do not and will not omit to state a material fact required to be stated therein or necessary to make the certifications, representations, warranties, statements, information and descriptions contained therein, in light of the circumstances under which they were made, not misleading. The estimates and the assumptions contained in the Loan Documents and in the Borrower's Tax Certificate, as of the date of the first authentication and delivery of the Bonds, are reasonable and based on the best information available to the Borrower. Each of the certifications, representations, warranties, statements, information and descriptions contained in the Borrower's Tax Certificate is hereby incorporated into this Loan Agreement by reference, as if fully set forth herein.

(m) The Borrower has furnished to the Issuer, in the Tax Certificate, all information necessary for the Issuer to file an IRS Form 8038 with respect to the Bonds, and all of such information is and will be on the date of filing, true, complete and correct.

(n) The Borrower is not contemplating either the filing of a petition by it, by the General Partner under any state or federal bankruptcy or insolvency law or the liquidation of all or a major portion of its property, and the Borrower has no knowledge of any Person contemplating the filing of any such petition against it or any Obligor.

(o) The Borrower is not an “employee benefit plan,” as defined in Section 3(3) of ERISA, subject to Title I of ERISA, and none of the assets of the Borrower constitutes or will constitute “plan assets” of one or more such plans within the meaning of 29 C.F.R. section 2510.3-101.

(p) No part of the proceeds of the Loan will be used for the purpose of purchasing or acquiring any “margin stock” within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose that would be inconsistent with such Regulation U or any other Regulation of such Board of Governors, or for any purpose prohibited by Legal Requirements or any Loan Document.

(q) The Borrower is not (i) an “investment company” or a company “controlled” by an “investment company,” within the meaning of the Investment Company Act of 1940, as amended; (ii) a “holding company” or a “subsidiary company” of a “holding company” or an “affiliate” of either a “holding company” or a “subsidiary company” within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (iii) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

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

(s) No written information, exhibit or report furnished to the Issuer by the Borrower in connection with the negotiation of this Loan Agreement or the Loan Documents contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(t) There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the Borrower, after reasonable investigation, threatened, against or affecting the Borrower or the assets, properties or operations of the Borrower which, if determined adversely to the Borrower or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by, or the validity of, this Loan Agreement or the Loan Documents, or upon the financial condition, assets, properties or operations of the Borrower, and the Borrower is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Loan Agreement or the Loan Documents, or the financial condition, assets, properties or operations of the Borrower. All tax returns (federal, state and local) required to be filed by or on behalf of the Borrower have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Borrower in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein. The Borrower enjoys the peaceful and undisturbed possession of all of the premises upon which it is operating its facilities.

(u) All utility services necessary and sufficient for the construction, equipping and operation of the Project shall be, upon Completion of the Project, and thereafter will at all times be, available through dedicated public rights of way or through perpetual private easements with respect to the Borrower's interest in which the Mortgage creates a valid and enforceable first priority mortgage lien. The Borrower has obtained, or promptly will obtain, all utility installations and connections required for the operation and servicing of the Project for its intended purposes.

(v) The rights of way for all roads necessary for the full utilization of the Project for its intended purposes have either been acquired by the appropriate Governmental Authority or have been dedicated to public use and accepted by such Governmental Authority. All such roads shall have been completed, and the right to use all such roads, or suitable substitute rights of way approved by the initial Servicer, shall be maintained at all times for the Project. All curb cuts, driveways and traffic signals shown on the Plans and Specifications are existing or have been fully approved by the appropriate Governmental Authority and after the completion thereof, shall be maintained at all times for the Project.

(w) The acquisition, construction, equipping, use and occupancy of the Project will at times comply with all Legal Requirements. The Borrower will give all notices to, and take all other actions with respect to, such Governmental Authorities as may be required under applicable Legal Requirements to construct and equip the Improvements and to use, occupy and operate the Project.

(x) Except as set forth on *Exhibit C* hereto, the Borrower has obtained all Project Approvals required for the acquisition, development, construction and equipping of the Project in accordance with the Plans and Specifications. All Project Approvals obtained by the Borrower have been validly issued and are in full force and effect. The Borrower has no reason to believe

that any of the Project Approvals required for acquisition, development, construction and equipping of the Project in accordance with the Plans and Specifications and not heretofore obtained by the Borrower will not be obtained by the Borrower in the ordinary course in order to permit completion of construction and equipping of the Project in accordance with the Plans and Specifications on or before the Completion Date. The Borrower will timely obtain all Project Approvals not heretofore obtained by the Borrower (including those listed and described on *Exhibit C* hereto, those required for use and occupancy of the Project for its intended purpose upon Completion and any other Project Approvals which may hereafter become required, necessary or desirable) and will furnish the Servicer with evidence that the Borrower has obtained such Project Approvals promptly upon their receipt. The Borrower will duly perform and comply with all of the terms and conditions of all Project Approvals obtained at any time. No Project Approvals will terminate, or become void or voidable or terminable, upon any sale, transfer or other disposition of the Project, including any transfer pursuant to foreclosure, deed in lieu of foreclosure or exercise of power of sale under the Mortgage.

(y) The Borrower has furnished the Bank with true and complete sets of the Plans and Specifications. The Plans and Specifications so furnished to the initial Servicer comply with all Legal Requirements, all Project Approvals, and all restrictions, covenants and easements affecting the Project, and have been approved by such Governmental Authority as is required for construction and equipping of the Improvements.

(z) The Development Budget accurately reflects all Project Costs.

(aa) The Survey delivered to the Bank does not fail to reflect any material matter of survey affecting the Project or the title thereto.

(bb) No part of the Land is located in an area identified by the Federal Emergency Management Agency as an area having special flood hazard or to the extent any part of the Land is an area identified as an area having special flood hazard, adequate flood insurance has been obtained by the Borrower.

(cc) The Borrower is not in default or violation of any order, writ, injunction, decree or demand of any Governmental Authority, the violation of which might materially adversely affect the condition (financial or otherwise) or business of the Borrower. There has not been and shall never be committed by the Borrower or any other Person in occupancy of or involved with the operation or use of the Project any act or omission affording any Governmental Authority the right of forfeiture as against the Project or any part thereof any moneys paid in performance of the Borrower's obligations under any Loan Document.

(dd) The Construction Contract and the Architect's Contract are each in full force and effect and each of the parties thereto are in full compliance with their respective obligations thereunder. The work to be performed by the Contractor under the Construction Contract is the work called for by the Plans and Specifications, and all work required to complete the Improvements in accordance with the Plans and Specifications is provided for under the Construction Contract.

(ee) Each Requisition submitted by the Borrower shall contain an affirmation that the foregoing representations and warranties remain true and correct as of the date hereof.

(ff) The Related Persons are not (and to Borrower's knowledge after diligent inquiry), no other Person holding any legal or beneficial interest whatsoever in the Related Persons, directly or indirectly, is included in, owned by, Controlled by, acting for or on behalf of, providing assistance, support, sponsorship, or services of any kind to, or otherwise associated with any of the Persons referred to or described in any list of persons, entities, and governments issued by the Office of Foreign Assets Control of the United States Department of the Treasury ("OFAC") pursuant to Executive Order 13224 – Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, as amended ("Executive Order 13224"), or any similar list issued by OFAC or any other department or agency of the United States of America (collectively, the "OFAC Lists").

Section 2.3 Covenants by the Borrower. The Borrower hereby covenants and agrees that, on and after the Closing Date, it will:

(a) Give written notice promptly, and in any event at least thirty (30) days prior to the closing thereof, of any intended refinancing of the Project to the Issuer, the Trustee and the Servicer;

(b) Comply with all Legal Requirements and promptly furnish the Issuer, the Trustee and the Servicer with reports of any official searches made by any Governmental Authority and any claims of violations thereof;

(c) Upon reasonable notice and at reasonable times, permit the Servicer, the Majority Owner, the Issuer and the Trustee (or their representatives) to enter upon the Land and inspect the Project;

(d) Indemnify the Trustee, the Owners and the Servicer (the "Indemnified Parties") against claims of brokers arising by reason of the execution hereof or the consummation of the transactions contemplated hereby, but as to any such Indemnified Party, specifically excluding claims arising solely by the gross negligence or willful misconduct of such Indemnified Party;

(e) Deliver to the Servicer and the Issuer copies of all leases (other than leases to residential tenants in the ordinary course of business in the form set forth in *Exhibit D* hereto) with respect to the Project or any portion thereof, whether executed before or after the date of this Loan Agreement;

(f) Not enter into, cancel or amend any agreement for the furnishing of management or similar services to the Project, without the prior written consent of the Servicer and the Issuer, such consent not to be unreasonably withheld or delayed;

(g) Comply with all restrictions, covenants and easements affecting the Land or the Project;

(h) Take, or require to be taken, such acts as may be required under applicable law or regulation in order that the interest on the Bonds continues to be excludable from gross income

for purposes of federal income taxation, and refrain from taking any action which would adversely affect the exclusion from gross income of interest on the Bonds from federal income taxation;

(i) Perform and satisfy all the duties and obligations of the Borrower set forth and specified in the Indenture as duties and obligations of the Borrower, including those duties and obligations which the Indenture requires this Loan Agreement or the other Loan Documents to impose upon the Borrower;

(j) Confirm and assure that the Project, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and shall be subject to examination and inspection at reasonable times and upon reasonable notice by the Issuer, the Trustee or the Servicer or the duly authorized agent of any of them and shall keep copies of all written contracts or other instruments which affect the Project, all or any of which shall be subject to inspection and examination by the Issuer, the Trustee, the Servicer or the duly authorized agent of any of them;

(k) [Reserved];

(l) Promptly notify the Issuer, the Trustee and the Servicer in writing of any (i) default by the Borrower in the performance or observance of any covenant, agreement, representation, warranty or obligation of the Borrower set forth in this Loan Agreement or any other Loan Documents or (ii) any event or condition which with the lapse of time or the giving of notice, or both would constitute an Event of Default under this Loan Agreement or any other Loan Documents; and commence, pursue and complete construction and equipping of the Improvements as provided herein and in the Construction Disbursement Agreement;

(m) The Borrower covenants to pay all third-party fees of the financing, including but not limited to the following:

(i) All taxes and assessments of any type or character charged to the Issuer or to the Trustee affecting the amount available to the Issuer or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Trustee; *provided*, that the Borrower shall have the right to protest any such taxes or assessments and to require the Issuer or the Trustee, at the Borrower's expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Issuer or the Trustee;

(ii) All reasonable fees, charges and expenses of the Trustee and the Servicer for services rendered under the Indenture and/or the Loan Agreement, including, but not limited to, the Trustee Expenses, as and when the same become due and payable;

(iii) The Issuer Fee and the Issuer Annual Fee, payable to the City as set forth in the Regulatory Agreement, and the reasonable fees and expenses of the Issuer or any agents, attorneys, accountants, consultants selected by the Issuer to act on its behalf in connection with this Loan Agreement, the Regulatory Agreement, the Bonds or the Indenture, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds or in connection with any litigation which may at any time be instituted involving this Loan Agreement, the Regulatory Agreement, other Issuer Documents, the Bonds or the Indenture or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the foregoing; and

(iv) These obligations and those in Section 5.19 shall remain valid and in effect notwithstanding repayment of the loan hereunder or termination of this Loan Agreement.

The Borrower acknowledges that, to the extent that regulations of the Comptroller of the Currency or any other applicable regulatory agency require granting the Borrower the right to receive brokerage confirmations of securities transactions as they occur, the Borrower specifically waives the right to receive such confirmations.

ARTICLE 3

LOAN AND PROVISIONS FOR REPAYMENT

Section 3.1 Issuance of Bonds and Delivery of Note and other Loan Documents.

(a) In order to finance a portion of the costs of the acquisition, development, construction and equipping of the Project, the Issuer has, consistent with its duties and purpose under the Act, issued and caused the Trustee to authenticate and deliver the Bonds pursuant to the Indenture to the initial Owner. The Bonds shall bear interest and are payable as provided therein and in the Indenture. The Bonds shall mature and all Outstanding principal of, interest and Additional Interest (if any) on the Bonds shall be due and payable in full on the Maturity Date, all as provided more fully in the Bonds and the Indenture.

(b) The Issuer agrees to lend the proceeds received from the sale of the Bonds to the Borrower, by causing such amounts to be deposited directly into the Project Fund, subject to the terms and conditions of the Indenture and this Loan Agreement, including the terms and conditions thereof and hereof governing the disbursement of proceeds of the Loan.

(c) Pursuant to the Indenture, the Trustee shall make disbursements from the Project Fund created pursuant to the Indenture to pay or to reimburse the Borrower for costs of the acquisition, development, construction and equipping of the Project, subject to the conditions of the Indenture and this Loan Agreement. Upon receipt of a properly signed Requisition approved

by the Servicer (which approval of the Servicer is expressly subject to the satisfaction of the conditions precedent set forth in the Construction Disbursement Agreement), the Trustee is authorized to act upon such Requisition without further inquiry, and, except for negligence after notice of facts to the contrary or willful misconduct of the Trustee, the Borrower shall hold the Trustee harmless against any and all losses, claims or liabilities incurred in connection with the Trustee's making disbursements from the Project Fund in accordance with such Requisition. Neither the Trustee nor the Issuer shall be responsible for the application by the Borrower of moneys properly disbursed from the Project Fund.

(d) Concurrently with the sale and delivery of the Bonds, and to evidence further the obligation to repay the Loan in accordance with the provisions of this Loan Agreement, the Borrower has executed and delivered the Note and the other Loan Documents. The Note shall be in the original aggregate principal amount of, and shall bear interest at the same rate per annum as, the Bond.

Section 3.2 Loan Repayments and Other Amounts.

(a) The Borrower shall pay to the Trustee, for deposit into the Revenue Fund, on the first day of each month commencing _____ 1, 2020, and continuing until the Conversion Date, an amount equal to the sum of (i) the interest due on the Bonds on said date (after taking into account funds available for such purpose, if any, in the Capitalized Interest Account of the Project Fund), plus (ii) amounts required to be deposited into the Tax and Insurance Fund pursuant to Section 5.22 of this Loan Agreement as of such date. On and after the Conversion Date, the Borrower shall pay to the Trustee: (i) for deposit into the Revenue Fund, principal, interest and other amounts due and payable pursuant to the terms of the Note at the times required thereby, and (ii) for delivery by the Trustee to CCRC, any amount then required to be deposited into the Replacement Reserve pursuant to Section 5.22(b) and Section 1(a) of the Replacement Reserve Agreement and any amount then required to be deposited into the Operating Reserve pursuant to Section 5.22(c) and the Construction Disbursement Agreement. Amounts so paid to the Trustee by the Borrower shall be in immediately available funds or shall be such that on the Bond Payment Date they are available funds. The Borrower shall pay to the Trustee, for deposit into the Revenue Fund, the principal of the Loan as provided in subsection (g).

(b) The Borrower understands that the interest rates applicable under the Note and with respect to the Bonds are based upon the assumption that interest income paid on the Bonds will be excludable from the gross income of the Owners under Section 103 of the Code (except to the extent that an Owner is a "substantial user" of the Project within the meaning of Section 147(a) of the Code or a Related Person to such substantial user) and applicable state law. In the event that an Initial Notification of Taxability shall occur, then the interest rates on the Note and the Bonds, and on all obligations under this Loan Agreement (other than those to which the Default Rate applies) shall, effective on the date of such Initial Notification of Taxability, be increased to a rate equal to the Taxable Rate. The Borrower shall, in addition, pay to the Trustee, for deposit into the Revenue Fund, promptly upon demand from the Trustee or the Servicer, an amount equal to the Additional Interest payable on the Bonds. The Borrower shall also indemnify, defend and hold the Owners harmless from any penalties, interest expense or other costs, including reasonable attorneys' fees (including all reasonably allocated time and charges

of Owners' and Trustee's "in-house" and "outside" counsel) and accountants' costs, resulting from any dispute with the Internal Revenue Service concerning the proper tax treatment of the Bonds and any interest payable to any Owner with respect to the Bonds. The obligations of the Borrower under this Section 3.2(b) shall survive termination of this Loan Agreement and the Note and repayment of the Loan. If, following any increase in interest rates pursuant to this Section 3.2(b), a final determination is made, to the satisfaction of the Owners, that interest paid on the Bonds is excludable from the Owners' gross income under Section 103 of the Code except to the extent that an Owner is a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code) and applicable state law, the Owners shall promptly refund to the Borrower any Additional Interest and other additional amounts paid by the Borrower pursuant to this Section 3.2(b).

(c) The Borrower agrees to pay the Trustee Fee and Trustee Expenses to the Trustee and agrees to pay the Issuer Fee and the Issuer Annual Fee to the Issuer. The Borrower also agrees to pay all fees, charges and expenses of the Trustee and the Issuer (including, without limitation, the reasonable, actually incurred fees and expenses of counsel to the Issuer, Bond Counsel and counsel to the Trustee), as and when the same become due. The Borrower also agrees to pay the printing and engraving costs of the Bonds, including any certificates required to be prepared for use in connection with any exchanges of Bonds for the cost of which Owners are not liable. The Borrower also agrees to pay the Loan Fees to the Bank on or before the Closing Date, to pay the fees of the Majority Owner and the Servicer, and to pay all reasonable costs and expenses incurred by the Majority Owner and the Servicer in connection with the administration of the Bonds, the Loan or the collateral therefor, and any amendments, modifications or "workouts" thereof, including without limitation reasonable attorneys' fees and costs (including allocated costs of in-house attorneys), fees and costs of engineers, accountants, appraisers and other consultants, title insurance premiums and recording costs upon receipt of written demand therefor.

(d) The Borrower agrees to pay all Costs of Issuance (in addition to those Costs of Issuance otherwise required to be paid by this Section 3.2).

(e) The Borrower agrees to pay, as and when the same become due, to the Issuer, the Servicer or the Trustee any extraordinary expenses, including, without limitation, any costs of litigation, which may be incurred by the Issuer, the Servicer or the Trustee in connection with this Loan Agreement, the Bonds, or the Indenture, including the reasonable, actually incurred costs and fees of any attorneys or other experts retained by the Issuer, the Servicer or the Trustee in connection therewith.

(f) The Borrower agrees to repay the Loan at the times and in the amounts necessary to enable the Trustee, on behalf of the Issuer, to pay all amounts payable with respect to the Bonds, when due, whether at maturity or upon redemption, acceleration, tender, purchase or otherwise.

(g) If Issuer has not received the full amount of any payment scheduled to be made under this Loan Agreement, other than the final principal payment, by the end of ten (10) calendar days after the date it is due, Borrower shall pay a late charge to Issuer in the amount of five percent (5%) of the overdue payment; provided, however, in no event shall any late charge

be payable hereunder without Issuer first having provided Borrower with any notice required by applicable law. Borrower shall pay this late charge only once on any late payment. This late charge shall not be construed as in any way extending the due date of any payment, and is in addition to (and not in lieu of) any other remedy Issuer may have.

(h) The Borrower agrees to pay any Prepayment Equalization Payments at the times and in the amounts the same become payable pursuant to the Indenture or the Note.

Section 3.3 Payments Pledged and Assigned. It is understood and agreed that the Loan Documents and certain other documents and property and all payments required to be made by the Borrower pursuant hereto (except payments to be made to the Issuer in respect of its Reserved Rights and payments to be made to the Servicer and the Trustee pursuant to Section 3.2(b) hereof) have been assigned to the Trustee simultaneously herewith pursuant to the Indenture as and for security for the Bonds. The Borrower hereby consents to such assignment and recognizes the Trustee as the assignee of the Issuer, to the extent of the assignment, for purposes of said documents and property.

Section 3.4 Obligations of Borrower Hereunder Unconditional. The obligations of the Borrower to make any payments required by the terms of this Loan Agreement and the other Loan Documents, including, without limitation, the payments required in Section 3.2 hereof, and to perform and observe the other agreements on its part contained herein and in the other Loan Documents shall be absolute and unconditional and shall not be subject to any defense (other than payment) or any right of set off, counterclaim, abatement or otherwise and, until such time as the principal of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture. The Borrower (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for herein or in the other Loan Documents, (ii) will perform and observe all of its other agreements contained herein and the other Loan Documents and (iii) will not suspend the performance of its obligations hereunder and under the other Loan Documents for any cause including, without limiting the generality of the foregoing, failure to complete construction and equipping of the Project, any acts or circumstances that may constitute failure of consideration, failure of or a defect of title to the Project or any part thereof, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either, or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement or the other Loan Documents. The Borrower may, at its own cost and expense and in its own name or in the name of the Issuer (if the Issuer is a necessary party and consents thereto), prosecute or defend any action or proceeding or take any other action involving third persons which the Borrower deems reasonably necessary in order to secure or protect its rights hereunder, and in such event the Issuer, subject to the provisions of the Indenture, hereby agrees to cooperate fully with the Borrower and to take all action (at the Borrower's cost and expense) necessary to effect the substitution of the Borrower for the Issuer in any such action or proceeding if the Borrower shall so request.

ARTICLE 4

ADVANCES

Section 4.1 Requisition. At such time as the Borrower shall desire to obtain an advance from the Loan Account, the Insurance and Condemnation Proceeds Account, or, the Equity Account of the Project Fund, the Borrower shall complete, execute and deliver a Requisition to the Servicer. Each Requisition shall be signed on behalf of the Borrower and shall be in the form attached as *Exhibit D* to the Construction Disbursement Agreement. The Trustee may rely conclusively on the statements and certifications contained in any Requisition. The Borrower shall not submit any Requisition directly to the Trustee. Each advance from the Loan Account, the Insurance and Condemnation Proceeds Account, or the Equity Account of the Project Fund by the Trustee shall be subject to prior approval of the Requisition by the Servicer. Upon approval, the Servicer shall forward each Requisition to the Trustee for payment.

ARTICLE 5

SPECIAL COVENANTS OF THE BORROWER

Section 5.1 Commencement and Completion of Project. The Borrower will commence construction and equipping of the Improvements within thirty (30) days after the Closing Date, will diligently pursue construction and equipping of the Improvements, will attain Completion prior to the Completion Date, subject to force majeure delays, and will pay all sums and perform all such acts as may be necessary or appropriate to complete such construction and equipping, all as more fully set forth in the Construction Disbursement Agreement.

Section 5.2 Records and Accounts. The Borrower will (a) keep true and accurate records and books of account in which full, true and correct entries will be made in accordance with Generally Accepted Accounting Principles, which records and books will not be maintained on a consolidated basis with those of any other Person, including any Affiliate of the Borrower and (b) maintain adequate accounts and reserves for all taxes (including income taxes), depreciation and amortization of its properties, contingencies, and other reserves, all of which accounts shall not be commingled with accounts of any other Person, including any or Affiliate of the Borrower.

Section 5.3 Financial Statements and Information. The Borrower will deliver, or cause to be delivered, to the Issuer, the Trustee (only in the case of the information described in subsection (a) below) and the Servicer:

(a) as soon as available, but in any event not later than one hundred eighty (180) days after the end of each fiscal year of the Borrower, beginning for the year in which construction of the Project is completed, the audited balance sheet of the Borrower at the end of such year, and the related audited statement of income, statement of retained earnings, changes in capital, and statement of cash flows for such year, and a statement of all contingent liabilities of the Borrower which are not reflected in such financial statements or referred to in the notes thereto, each setting forth in comparative form the figures for the previous fiscal year and all such statements to be in reasonable detail, prepared in accordance with Generally Accepted

Accounting Principles, and accompanied by an auditor's report prepared without qualification by the Accountant; *provided*, that no such financial reports shall be required to be delivered until the fiscal year during which an Event of Default occurs under any Loan Document or the Project receives a temporary Certificate of Occupancy, whichever comes first;

(b) as soon as available, but in any event not later than one hundred eighty (180) days after the end of each fiscal year of the Guarantor, beginning for the year ended June 30, 2020, the audited balance sheet of the Guarantor at the end of such year, and the related audited statement of income, statement of retained earnings, changes in capital, and statement of cash flows for such year, and a statement of all contingent liabilities of the Guarantor which are not reflected in such financial statements or referred to in the notes thereto, each setting forth in comparative form the figures for the previous fiscal year and all such statements to be in reasonable detail, prepared in accordance with Generally Accepted Accounting Principles, and accompanied by an auditor's report prepared without qualification by the Accountant;

(c) as soon as available, but in any event not later than forty-five (45) days after the end of each calendar month after the completion of Project construction, copies of the balance sheet of the Borrower as at the end of such month, and the related statement of income, statement of retained earnings, changes in capital, and statement of cash flows for the portion of the Borrower's fiscal year then elapsed, all in reasonable detail and prepared in accordance with Generally Accepted Accounting Principles, together with a certification by the chief financial officer of the Borrower that the information contained in such financial statements fairly present the financial position of the Borrower on the date thereof (subject to year-end adjustments);

(d) prior to the Conversion as soon as available, but in any event not later than forty-five (45) days after the end of each calendar quarter after the completion of Project construction, copies of the balance sheet of the Guarantor as at the end of such quarter, and the related statement of income, statement of retained earnings, changes in capital, and statement of cash flows for the portion of the Guarantor's fiscal year then elapsed, all in reasonable detail and prepared in accordance with Generally Accepted Accounting Principles, together with a certification by the chief financial officer of the Guarantor that the information contained in such financial statements fairly present the financial position of the Guarantor on the date thereof (subject to year-end adjustments);

(e) within forty-five (45) days after the end of each calendar month after the construction of the Project is complete, (i) a current rent roll and schedule of aging lease receivables as of the end of such month, in form and level of detail reasonably acceptable to the Servicer, detailing, with respect to each Lease, the tenant's name, the Lease date, the premises demised, the term, the rent, the security deposit and any rent paid more than one month in advance, (ii) a leasing report setting forth the Borrower's efforts to market and lease the then unleased space in the Improvements and the results of such efforts, accompanied by a certificate of the Borrower in the form attached hereto as *Exhibit F*, and (iii) an operating report for the Project for such month, in form and level of detail reasonably acceptable to the Servicer, together with a certification by the chief financial officer that the information in all of the items required pursuant to this Section 5.3(e) is true and correct;

(f) within 30 days following a request from the Bank, copies of the federal tax returns of the Borrower, the general partner of the Borrower and the Guarantor for the most recently completed fiscal year of each such entity;

(g) from time to time such other financial data and information related to the Borrower or the Project (including, without limitation, operating budgets for the Project) as the Issuer, the Trustee or the Servicer may reasonably request; and

(h) on or before December 1 of each year, a copy of the Proposed Budget, and on or before January 30 of each year, a copy of the Approved Budget.

Section 5.4 Insurance.

(a) The Borrower will obtain and maintain insurance with respect to the Project and the operations of the Borrower as required from time to time by the Servicer. The insurance requirements required with respect to the Project and the operations of the Borrower shall be governed by the terms of the Construction Disbursement Agreement. All renewal policies, with premiums paid, shall be delivered to the Servicer at least thirty (30) days before expiration of the existing policies. If any such insurance shall expire or be canceled, or become void or voidable by reason of the breach of any condition of coverage, or if the Servicer determines that any coverage is unsatisfactory by reason of the failure or impairment of the capital of any insurance carrier, or if any insurance is unsatisfactory to the Servicer, in its sole judgment, the Borrower shall promptly place new insurance satisfactory to the Servicer.

(b) The Borrower will provide the Trustee and the Servicer with certificates evidencing such insurance upon the request of the Servicer.

(c) If the Borrower fails to provide, maintain, keep in force or deliver to the Servicer the policies of insurance and certificates required by this Loan Agreement, the Servicer may (but shall have no obligation to) procure such insurance, and the Borrower will pay all premiums thereon promptly on demand by the Servicer, and until such payment is made by the Borrower, the amount of all such premiums shall bear interest at the Default Rate.

Section 5.5 Liens and Other Charges. The Borrower will duly pay and discharge, cause to be paid and discharged, or provide a bond satisfactory to the Servicer to pay or discharge, before the same shall become overdue all claims for labor, materials, or supplies that if unpaid might by law become a lien or charge upon any of its property.

Section 5.6 Inspection of Project and Books, Appraisals.

(a) The Borrower shall permit the Issuer, the Trustee and the Servicer upon reasonable notice at reasonable times prior to the first occupancy of the Project by tenants and, thereafter, upon written notice of not fewer than seventy-two (72) hours, at the Borrower's cost and expense, to visit and inspect the Project and all materials to be used in the construction and equipping thereof and will cooperate with the Issuer, the Trustee and the Servicer during such inspections (including making available working drawings of the Plans and Specifications); *provided*, that this provision shall not be deemed to impose on the Issuer, the Trustee, and the Servicer any obligation to undertake such inspections.

(b) The Borrower shall permit the Issuer, the Trustee and the Servicer, upon reasonable notice at reasonable times, at the Borrower's cost and expense, to examine the books of account of the Borrower and the Project (and to make copies thereof and extracts therefrom) and to discuss the affairs, finances and accounts of the Borrower and the Project with, and to be advised as to the same by, its officers, partners, or trustees, all at such reasonable times and intervals as the Issuer, the Trustee and the Servicer may reasonably request; *provided*, that so long as no Event of Default shall have occurred and be continuing, the Borrower shall only be obligated to pay the expenses associated with one (1) such investigation during any twelve (12) month period.

(c) The Issuer, the Trustee and the Servicer shall have the right to obtain from time to time, at the Borrower's cost and expense, updated Appraisals of the Project; *provided*, that so long as no Event of Default shall have occurred and be continuing, the Borrower shall only be obligated to pay for the costs and expenses associated with one (1) such Appraisal during any thirty-six (36) month period.

(d) The costs and expenses incurred by the Issuer, the Trustee and the Servicer in obtaining such Appraisals or performing such inspections shall be paid by the Borrower promptly upon billing or request by the Issuer, the Trustee and the Servicer for reimbursement.

Section 5.7 Compliance with Laws, Contracts, Licenses, and Permits. The Borrower will comply with (a) all Legal Requirements, (b) the provisions of its Organizational Documents, (c) all applicable decrees, orders and judgments, and (d) all licenses and permits required by applicable laws and regulations for the conduct of its business or the ownership, use or operation of its properties, including all Project Approvals.

Section 5.8 Use of Proceeds. In accordance with the Development Budget, the Borrower will use the proceeds of the Bonds solely for the purpose of paying for Qualified Costs of the Project.

Section 5.9 Borrower to Pay Excess Project Costs. The Borrower will pay when due all costs of acquisition, construction and equipping of the Project in excess of the proceeds of the Bonds, regardless of the amount. If at any time, the Servicer shall in its sole but reasonable discretion determine that the remaining undisbursed portion of the Project Fund, together with the undisbursed balance of Required Equity Contributions, and any other sums previously deposited or to be deposited by the Borrower in connection with the Project, is or will be insufficient to complete the construction and equipping of the Improvements in accordance with the Plans and Specifications, to operate and carry the Project after Completion until Stabilization, to pay all other Project Costs, to pay all interest accrued or to accrue on the Bonds from and after the date hereof or until Stabilization, and to pay all other sums due or to become due under the Loan Documents (or any budget category or line item), regardless of how such condition may be caused, the Borrower will, within ten (10) days after written notice of such determination from the Servicer, deposit with the Trustee such sums of money in cash as the Servicer may require, in an amount sufficient to remedy the condition described in such notice, and sufficient to pay any liens for labor and materials alleged to be due and payable at the time in connection with the Improvements, and, at the Servicer's direction, no further disbursements from the Project Fund shall be made by the Trustee until the provisions of this Section have been

fully complied with. The Servicer may direct the Trustee to enforce the Completion Agreement in accordance with its terms, and upon such direction, the Trustee shall proceed to enforce the Completion Agreement. All such deposited sums shall constitute additional security under the Loan Documents and, prior to the occurrence of an Event of Default, shall be disbursed by the Trustee in the same manner as disbursements under the Indenture before any further disbursements from the Project Fund shall be made by the Trustee. Notwithstanding the above, in the event amounts deposited hereunder are actually in excess of the amount necessary to achieve Completion, such excess amounts shall be returned to the Borrower in accordance with Section 5.03 of the Indenture.

Section 5.10 Laborers, Subcontractors and Materialmen. The Borrower will furnish to the Issuer, the Trustee or the Servicer, upon reasonable request, and from time to time, affidavits listing all laborers, subcontractors, materialmen, and any other Persons who might or could claim statutory or common law liens and are furnishing or have furnished labor or material to the Project or any part thereof, together with affidavits, or other evidence satisfactory to the Issuer, the Trustee or the Servicer, showing that such parties have been paid all amounts then due for labor and materials furnished to the Project. The Borrower will also furnish to the Issuer, the Trustee, and the Servicer, at any time and from time to time upon reasonable request by the Issuer, the Trustee, or the Servicer, lien waivers bearing a then current date and prepared on a form satisfactory to the Issuer, the Trustee or the Servicer from the Contractor and such subcontractors or materialmen as the Issuer, the Trustee or the Servicer may designate.

Section 5.11 Further Assurance of Title. If at any time the Servicer has reason to believe that any disbursement from the Project Fund is not secured or will or may not be secured by the Mortgage as a first priority mortgage lien and security interest on the Secured Property, then the Borrower shall, within ten (10) days after written notice from the Servicer, do all things and matters necessary, to assure to the satisfaction of the Servicer that any disbursement from the Project Fund previously made hereunder or to be made hereunder is secured or will be secured by the Mortgage as a first priority mortgage lien and security interest on the Secured Property, and the Servicer, at its option, may decline to approve any further Requisitions until the Servicer has received such assurance. Nothing in this Section shall limit the right of the Servicer, at the Borrower's expense, to order searches of title from time to time and to require bringdowns or endorsements extending the effective date of the Title Policy in connection with the making of advances as herein set forth.

Section 5.12 Publicity. The Borrower will permit the Servicer to obtain publicity in connection with the acquisition, development, construction and equipping of the Improvements through press releases and participation in such events as ground breaking and opening ceremonies and placement of signs on the Land.

Section 5.13 Further Assurances.

(a) **Regarding Construction.** The Borrower will furnish or cause to be furnished to the Issuer, the Trustee and the Servicer all instruments, documents, boundary surveys, footing or foundation surveys, certificates, plans and specifications, title and other insurance, reports and agreements and each and every other document and instrument required to be furnished by the terms of this Loan Agreement or the other Loan Documents, all at the Borrower's expense.

(b) Regarding Preservation of Collateral. The Borrower will execute and deliver to the Issuer, the Trustee and the Servicer such further documents, instruments, assignments and other writings, and will do such other acts necessary or desirable, to preserve and protect the collateral at any time securing or intended to secure the obligations of the Borrower under the Loan Documents, as the Issuer, the Trustee and the Servicer may require.

(c) Regarding this Loan Agreement. The Borrower will cooperate with, and will do such further acts and execute such further instruments and documents as the Issuer, the Trustee and the Servicer shall reasonably request to carry out to their satisfaction the transactions contemplated by this Loan Agreement and the other Loan Documents, provided that no such further acts, instruments or documents shall expand the liability of the parties hereunder or materially change the terms of the Loan Documents.

Section 5.14 Notices. The Borrower will promptly notify the Issuer, the Trustee, the Investor Limited Partner and the Servicer in writing of (i) the occurrence of any Default or Event of Default or event which, with the giving of notice or the passage of time, or both, would constitute a Default or Event of Default; (ii) the Borrower's receipt of notice from any Governmental Authority of any alleged violation of environmental laws or regulations or other Legal Requirements; (iii) any labor problems with respect to the Borrower or the Project; (iv) the occurrence of any other event which would have a material adverse effect on the Project or the business or financial condition of the Borrower; or (v) the receipt by the Borrower of any notice of default or notice of termination with respect to any contract or agreement relating to the ownership, construction, equipping, operation, or use of the Project.

Section 5.15 Solvency; Adequate Capital. The Borrower will:

(a) Remain solvent and pay all of its indebtedness from its assets as the same become due; and

(b) Maintain adequate capital for the normal obligations reasonably foreseeable for a business of its size and character and in light of its contemplated business operations.

Section 5.16 Management Contract.

(a) At all times during the term of this Loan Agreement, the Project shall be managed pursuant to a management contract with the Manager, which contract shall be terminable with or without cause by the Borrower or its successors as owners of the Project and shall otherwise be in form and substance satisfactory to the Servicer. The Borrower acknowledges that the Issuer, the Trustee and the Servicer will rely on the Manager's experience in operating properties such as the Project as a means of maintaining the value of the collateral. In connection with the approval of the Manager, or any replacement management company:

(i) the Manager or holder of the stock or partnership interest therein, shall be a Person whose character, financial strength, stability and experience is acceptable to the Servicer and who shall have experience managing properties of a type and size reasonably similar to the Project; and

(ii) the Manager shall deliver all organizational documentation and other materials evidencing its experience acceptable to the Servicer.

(b) The Borrower shall, from time to time, obtain from the Manager such certificates of estoppel with respect to compliance by the Borrower with the terms of the management contract as may be requested by the Servicer, the Trustee and the Servicer.

(c) The Project will be managed by the Manager pursuant to the Management Agreement. The Borrower acknowledges and agrees that Trustee, as mortgagee under the Mortgage, is and shall be a third-party beneficiary of the Management Agreement and any replacement management agreement. Any amendment to the Management Agreement or delivery of a replacement management agreement must be approved in writing by the Servicer.

Section 5.17 Negative Covenants of the Borrower. The Borrower covenants and agrees that, so long as the Loan is outstanding:

(a) Restrictions on Easements and Covenants. Except for Permitted Encumbrances and matters permitted by Section 5.17(d), the Borrower will not create or suffer to be created or to exist any easement, right of way, restriction, covenant, condition, license or other right in favor of any Person which affects or might affect title to the Project or the use and occupancy of the Project or any part thereof without obtaining the prior written consent of the Servicer, which shall not be unreasonably withheld or delayed so long as the proposed action is necessary for the operation of the Project for the purposes contemplated hereby and the proposed action does not materially impair the validity or priority of the lien of the Mortgage.

(b) No Amendments, Terminations or Waivers. Neither the Borrower nor the General Partner shall amend, supplement terminate or otherwise modify or waive any provision of its Organizational Documents or any documents relating to the contribution of equity by the partners of the Borrower in a manner that would have a material adverse effect on the Issuer or the Owners without obtaining the prior written consent of the Servicer.

(c) Restrictions on Indebtedness. Without obtaining the prior written consent of the Servicer, the Borrower will not create, incur, assume, guarantee or be or remain liable, contingently or otherwise, with respect to any Indebtedness other than:

(i) Indebtedness arising under the Loan Documents;

(ii) current liabilities of the Borrower relating to the Project, incurred in the ordinary course of business but not incurred through (A) the borrowing of money, or (B) the obtaining of credit except for credit on an open account basis customarily extended and in fact extended in connection with normal purchases of goods and services; and

(iii) Indebtedness relating to the Project, in respect of taxes, assessments, governmental charges or levies and claims for labor, materials and supplies to the extent that payment therefor shall not at the time be required to be made.

(d) Restrictions on Liens. The Borrower shall not subject the Project, or permit the Project to be subjected, to any Lien or encumbrance except as permitted pursuant to Article 6 of the Mortgage.

(e) General Partner Removal. The removal of Borrower's general partner(s) shall be subject to Section 11 of the Regulatory Agreement.

(f) Merger, Consolidation, Conversion and Disposition of Assets

(i) The Borrower will not become a party to any merger or consolidation, or agree to or effect any asset acquisition or stock acquisition.

(ii) The Borrower will not convert into any other type of entity.

(iii) The Borrower will not seek the dissolution or winding up, in whole or in part, of the Borrower or voluntarily file, or consent to the filing of, a petition for bankruptcy, reorganization, assignment for the benefit of creditors or similar proceedings.

(g) Sale and Leaseback. The Borrower will not enter into any arrangement, directly or indirectly, whereby the Borrower shall sell or transfer any property owned by it in order then or thereafter to lease such property or lease other property that the Borrower intends to use for substantially the same purpose as the property being sold or transferred.

(h) Preservation of Tax Exemption. The Borrower will not take any action that would adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation, nor omit or fail to take any action required to maintain the exclusion of interest on the Bonds from gross income for purposes of federal income taxation (in each case, except to the extent that an Owner is a "substantial user" of the Project within the meaning of Section 174(a) of the Code or a Related Person to such substantial user).

Section 5.18 Arbitrage and Tax Matters. The Borrower further represents, warrants and covenants as follows:

(a) Qualified Residential Rental Project Exempt Facility Bonds. The Borrower shall assure that the proceeds of the Bonds are used in a manner such that the Bonds will satisfy the requirements of section 142(d) of the Code relating to qualified residential rental projects.

(b) Federal Guarantee Prohibition. The Borrower shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(c) Rebate Requirement. The Borrower shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds.

(d) No Arbitrage. The Borrower shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which, if such action

had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

(e) Maintenance of Tax-Exemption. The Borrower shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds.

(f) Private Activity Volume Cap. The Bonds upon issuance and delivery shall be considered "private activity bonds" within the meaning of the Code with respect to which the California Debt Limit Allocation Committee has transferred a portion of the State of California's private activity bond allocation (within the meaning of section 146 of the Code) equal to the principal amount of the Bonds.

(g) Limitation on Issuance Costs. The Borrower covenants that, from the proceeds of the Bonds and investment earnings thereon, an amount not in excess of exceed two percent (2%) of the proceeds of the Bonds, will be used for costs of issuance of the Bonds, all within the meaning of section 147(g)(1) of the Code. For this purpose, if the fees of the original purchaser of the Bonds are retained as a discount on the purchase of the Bonds, such retention shall be deemed to be an expenditure of proceeds of the Bonds for said fees.

(h) Limitation of Expenditure of Proceeds. The Borrower covenants that not less than 95 percent of the net proceeds of the Bonds (within the meaning of section 150(a)(3) of the Code) are paid for Qualified Project Costs.

(i) Limitation on Land. The Borrower covenants that less than twenty-five percent (25%) of the proceeds of the Bonds shall be used, directly or indirectly, for the acquisition of land.

(j) Existing Facilities Limit. The Borrower covenants that no proceeds of the Bonds shall be used for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property is pursuant to such acquisition; provided, however, that this limitation shall not apply with respect to any building (and the equipment therefor) if rehabilitation expenditures (as defined in section 145(d) of the Code) with respect to such building equal or exceed 15 percent of the portion of the cost of acquiring such building (and equipment) financed with Proceeds; and provided, further, that this limitation shall not apply with respect to any structure other than a building if rehabilitation expenditures with respect to such structure equal or exceed 100 percent of the portion of the cost of acquiring such structure financed with the proceeds of the Bonds.

(k) Certain Uses Prohibited. The Borrower covenants that no proceeds of the Bonds shall be used directly or indirectly to provide any airplane, skybox or other private luxury box, health club facility, facility used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Bonds shall be used for an office unless (i) the office is located on the premises of the facilities

constituting the Project and (ii) not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

(l) Regulatory Agreement. The Borrower agrees to comply with the Regulatory Agreement and the Tax Certificate.

(m) Program Investment. The Borrower shall not purchase, and shall not permit any related party of the Borrower to purchase, the Bonds or any portion thereof in an amount related to the amount of the Loan or any other obligation acquired by the Issuer in furtherance of the governmental program (the "Program") of the Issuer to acquire investments to carry out the financing of qualified residential rental projects, being the governmental purposes of the Program. The Issuer has not waived its right to treat the Loan or the Bonds as a "program investment" within the meaning of the Code.

Section 5.19 Indemnification.

(a) To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Issuer, the Servicer, the Trustee, each Owner and each of their respective past, present and future officers, governing members, directors, officials, employees, attorneys and agents (each an "**Indemnified Party**"), against any and all losses, damages, claims, actions, liabilities, reasonable costs and expenses of any nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement (to the extent that the Borrower has consented to such settlement) and amounts paid to discharge judgments) (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:

(i) The Bonds, Loan Documents and the Indenture or the execution or amendment thereof or in connection with transactions contemplated thereby, including the issuance, sale, transfer or resale of the Bonds, including any securitization thereof, any cancellation of the Bonds and any assignment or transfer of the Loan Documents pursuant to Section 4.08 of the Indenture;

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

(iii) Any lien (other than a permitted encumbrance) or charge upon payments by the Borrower to the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer or the Trustee in respect of any portion of the Project;

(iv) Any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof;

(v) The enforcement of, or any action taken by the Trustee or the Servicer related to remedies under this Loan Agreement, the Indenture and the other Loan Documents relating to the default by the Borrower;

(vi) The defeasance and/or redemption, in whole or in part, of the Bonds;

(vii) Any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower contained in any offering statement or document for the Bonds, the Indenture or any of the Loan Documents to which the Borrower is a party, or any omission or alleged omission from any offering statement or document for the bonds 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, including without limitation any offering statement or disclosure document in connection with any securitization or other secondary market transaction with respect to the Bonds;

(viii) Any declaration of taxability of interest on the Bonds or allegations (or regulatory inquiry) that interest on the Bonds, is taxable for federal income tax purposes; or

(ix) The Trustee's acceptance or administration of the trust of the Indenture, or the Trustee's exercise or performance of or failure to exercise or perform any of its powers or duties thereunder or under any of the Loan Documents to which it is a party;

except in the case of the foregoing indemnification of the Servicer or any related Indemnified Party, to the extent such damages are caused by the gross negligence or willful misconduct of such Indemnified Party or any breach by such party of its obligations under the Indenture or any of the Loan Documents or any untrue statement or misleading statement of a material fact by such Indemnified Party contained in any offering statement or document for the Bonds or any of the Loan Documents or any omission or alleged omission from any such offering statement or document of any material fact necessary to be stated therein in order to make the statements made therein by such Indemnified Party not misleading. In the case of the foregoing indemnification of the Issuer, or any related Indemnified Party, they shall not be indemnified by the Borrower with respect to liabilities arising from their own willful misconduct. In the case of the foregoing indemnification of the Trustee, or any related Indemnified Party, they shall not be indemnified by the Borrower with respect to liabilities arising from their own negligence or willful misconduct.

(b) 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; *provided*, that the Issuer has the absolute right to employ separate counsel at the expense of the Borrower. The Borrower shall pay the reasonable fees and expenses of such separate counsel; *provided*, that such Indemnified Party other than the Issuer 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 except that the Borrower shall always pay the reasonable fees and expenses of the Issuer's separate counsel.

(c) Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Loan Agreement or the Regulatory Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section 5.19 if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless the Issuer, the Trustee and the Servicer have consented to such transfer and to the assignment of the rights and obligations of the Borrower hereunder.

(d) The rights of any persons to indemnify hereunder and rights to payment of fees and reimbursement of expenses hereunder shall survive the final payment or defeasance of the Bonds and, in the case of the Trustee, any resignation or removal. The provisions of this Section shall survive the termination of this Loan Agreement.

(e) Nothing in this Section 5.19 shall in any way limit (i) the Borrower's indemnification and other payment obligations set forth in the Regulatory Agreement, or (ii) the Guarantor's payment obligations under the Payment Guaranty.

Section 5.20 Agreements Between Borrower and its Affiliates. Borrower shall not enter into any agreement, written or otherwise, directly or indirectly relating to the Project with an Affiliate of the Borrower without the prior written consent of the Servicer. Servicer consents to the Management Agreement with Chinatown Community Development Center, Inc. and to the Development Services Agreement with Swords to Plowshares: Veterans Rights Organization and the Option and Right of First Refusal Agreement with both Chinatown Community Development Center, Inc. and Swords to Plowshares: Veterans Rights Organization or their affiliates.

Section 5.21 [Reserved].

Section 5.22 Tax and Insurance Fund; Replacement Reserve.

(a) The Borrower acknowledges the creation of the Tax and Insurance Fund pursuant to the Indenture. Prior to the Conversion Date, the Tax and Insurance Fund shall be funded, and moneys in it shall be disbursed, in accordance with the provisions of the Indenture and this Section 5.22. Upon demand of the Servicer, following the occurrence of any failure of the Borrower to pay Impositions as the same become due, as required in Section 5.2 of the Mortgage, the Borrower shall deposit into the Tax and Insurance Fund, on each Interest Payment Date, a sum equal to one-twelfth of the annual amount of Impositions. The Borrower may make written request to the Servicer for disbursement of amounts in the Tax and Insurance Fund for payment of Impositions as they become due. Following receipt of any such request, the Servicer shall authorize the disbursement of funds from the Tax and Insurance Fund in amounts sufficient

to make the required payments. Notwithstanding anything to the contrary contained in this Loan Agreement, on and after the Conversion Date, tax and insurance payments shall be impounded in accordance with the requirements of the Construction Disbursement Agreement.

(b) The Borrower shall establish, on or before the Conversion Date, and shall thereafter continuously maintain and fund, an account (the “Replacement Reserve”) in accordance with the terms of the Replacement Reserve Agreement. Borrower shall continuously maintain and fund the Replacement Reserve in accordance with, and disbursements of funds deposited therein shall be governed by, the Replacement Reserve Agreement.

(c) The Borrower shall establish, on or before the Conversion Date, and shall thereafter continuously maintain and fund, an account (the “Operating Reserve”) in accordance with the terms of the Construction Disbursement Agreement. Disbursement of funds deposited in the Operating Reserve shall be governed by the Construction Disbursement Agreement.

Section 5.23 Covenants Regarding Tax Credits. The Borrower hereby agrees to comply with all of the following covenants (each, a “Tax Credit Covenant”):

(a) To observe and perform all obligations imposed on the Borrower in connection with the Tax Credits, including the obligation to have the Project “placed in service” (within the meaning given in Section 42 of the Code) in a timely manner; and to operate the residential units of the Project, and to use the Borrower’s best efforts to cause all appropriate parties to operate the same, in accordance with all requirements, statutes, and regulations governing the Tax Credits;

(b) To preserve at all times the allocation and availability of the Tax Credits;

(c) Not to release, forego, alter, amend, or modify its rights to the Tax Credits without the Servicer’s prior written consent, which the Servicer may give or withhold in the Servicer’s reasonable discretion;

(d) Not to execute any residential lease of all or any portion of the Project which does not comply fully with all requirements, statutes, and regulations governing the Tax Credits, without the Servicer’s prior written consent, which the Servicer may give or withhold in the Servicer’s sole and absolute discretion;

(e) To cause to be kept all records, and cause to be made all elections and certifications, pertaining to the number and size of apartment units, occupancy thereof by tenants, income level of tenants, set-asides for low-income tenants, and any other matters now or hereafter required to qualify for and maintain the Tax Credits in connection with the low-income occupancy of the Project;

(f) To comply with the appropriate minimum low-income set-aside requirements under the Code or applicable federal regulations (the “Federal Laws”) and all laws and regulations of the State (the “State Laws”) applicable to the creation, maintenance and continued availability of the Tax Credits;

(g) To certify compliance with the set-aside requirements and report the dollar amount of qualified basis and maximum applicable percentage, date of placement in service and any other information required for the Tax Credits at such time periods as required by Federal Laws or State Laws for such Tax Credits;

(h) To set aside the appropriate number of units for households with incomes meeting the required standards of the median income of the county in which the Project is located to qualify for the Tax Credits (as determined pursuant to Section 42 of the Code and/or State Laws), adjusted for family size, and to operate and maintain all such units as “low-income units” qualifying for the Tax Credits under Section 42(i)(3) of the Code and/or State Laws (reserving one unit for a manager’s unit);

(i) To exercise good faith in all activities relating to the operation and maintenance of the Project in accordance with the requirement of Federal Laws and State Laws; and

(j) To promptly deliver to the Servicer true and correct copies of all notices or other documents or communications received or given by the Borrower with regard to or relating in any way to the Borrower’s partnership interests and/or the Tax Credits. Immediately upon receipt thereof, the Borrower shall deliver to the Servicer a copy of (i) the fully-executed preliminary reservation of Tax Credits for the Project; (ii) the basis audit (as required by Section 42 of the Code) for the Project (including a certificate of the Borrower’s accountant or attorneys if requested by the Servicer); (iii) the first annual income certification for all tenants of the Project showing that the tenants are qualified for purposes of the Borrower’s obtaining Tax Credits, and (iv) the fully-completed Form 8609 (required by the Code) issued for the Project. The Borrower shall deliver promptly to the Servicer such other certificates, income certificates, reports and information as the Servicer may request.

The Borrower understands and acknowledges that the Bank is purchasing the Bonds based, in part, upon the value of the Tax Credits, and the Tax Credits, directly or indirectly, constitute part of Trustee’s security on behalf of the Owners of the Bonds, for the obligations of the Borrower in connection with the Loan. The Borrower agrees to indemnify, defend, and hold the Servicer and the Owners harmless for, from, and against any and all actions, suits, claims, demands, liabilities, losses, damages, obligations, and costs or expenses, including litigation costs and reasonable attorneys’ fees, arising from or in any way connected with the Borrower’s failure to comply with one or more Tax Credit Covenants, excepting those arising out of, or resulting, solely from the gross negligence or willful misconduct of the Servicer.

Section 5.24 Leasing.

(a) The Servicer (and all other parties whose approval is required) must approve the Borrower’s standard form of residential lease or rental agreement prior to its use by the Borrower. The Borrower may not materially modify the approved standard form of residential lease without the Servicer’s prior written consent in each instance (which consent shall not be unreasonably withheld), together with the approval of all other parties whose consent is required. Each lease, other than leases on the Borrower’s standard form of residential lease, of any part of the Project is subject to the Servicer’s written approval as to form and substance prior to execution and delivery. Despite the foregoing, the Borrower may enter into residential leases

(and amendments) in the ordinary course of business with bona fide third party tenants without the Servicer's prior written consent if the Borrower uses the approved standard form of residential lease and:

(i) Within fifteen (15) days after the Servicer's written request therefor, the Servicer receives a copy of the executed lease (accompanied by all financial information and certificates obtained by the Borrower pertaining to the tenant);

(ii) The Borrower, acting in good faith and exercising due diligence, has determined that the tenant qualifies as a low-income family for purposes of meeting the requirements for obtaining Tax Credits;

(iii) The lease meets the standards required by Section 42 of the Code;

(iv) The lease meets the requirements of the Servicer, the Issuer, and the Investor Limited Partner;

(v) The lease reflects an arm's-length transaction and, so long as the Construction Disbursement Agreement is in effect, conforms to the projections of the Pro Forma Schedule attached thereto;

(vi) The lease does not affect more than one (1) residential unit within the Improvements and is for a minimum term of six (6) months and a maximum term of twelve (12) months, unless otherwise agreed in writing by the Servicer; and

(vii) So long as the Construction Disbursement Agreement is in effect, the lease, together with all leases previously executed, does not cause the Loan to become "out of balance" as that term is defined in Section 2.2 of the Construction Disbursement Agreement.

(b) The Servicer in the exercise of its sole discretion may consider any executed lease it receives to be unsatisfactory if the lease fails to meet any of the requirements of this Loan Agreement. If this happens, or if the Borrower at any time fails to submit any executed lease (and accompanying information) at the time required by this Section, or if any Event of Default has occurred and is continuing, the Servicer may make written demand on the Borrower to submit all future leases for the Servicer's approval prior to execution. The Borrower must comply with any such demand by the Servicer.

(c) The Servicer's approval of any lease is for the sole purpose of protecting the Servicer's security and preserving the Servicer's rights under the Loan Documents. No approval by the Servicer will result in a waiver of any default of the Borrower. In no event will the Servicer's approval of any lease be a representation of any kind with regard to the lease, its enforceability or the financial capacity of any tenant or guarantor.

(d) The Borrower must perform all obligations required to be performed by it as landlord under any lease affecting any part of the Land or any space within the Improvements.

Section 5.25 Compliance with Anti-Terrorism Regulations.

(a) None of the Related Persons will be included in, owned by, controlled by, act for or on behalf of, provide assistance, support, sponsorship, or services of any kind to, or otherwise associate with any of the Persons referred to or described in any list of persons, entities, and governments issued by OFAC pursuant to Executive Order 13224 or any other OFAC List.

(b) Borrower will comply at all times with the requirements of Executive Order 13224; the International Emergency Economic Powers Act, 50 U.S.C. Sections 1701-06; the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56 (the "PATRIOT Act"); the Iraqi Sanctions Act, Pub. L. 101-513, 104 Stat. 2047-55; the United Nations Participation Act, 22 U.S.C. Section 287c; the Antiterrorism and Effective Death Penalty Act, (enacting 8 U.S.C. Section 219, 18 U.S.C. Section 2332d, and 18 U.S.C. Section 2339b); the International Security and Development Cooperation Act, 22 U.S.C. Section 2349 aa 9; the Terrorism Sanctions Regulations, 31 C.F.R. Part 595; the Terrorism List Governments Sanctions Regulations, 31 C.F.R. Part 596; the Foreign Terrorist Organizations Sanctions Regulations, 31 C.F.R. Part 597; the Bank Secrecy Act, Pub. L. 91-508, 84 Stat. 1114, 1118; the Trading with the Enemy Act, 50 U.S.C. App. Section 1 et seq.; the laws relating to prevention and detection of money laundering in 18 U.S.C. Sections 1956 and 1957 and any similar laws or regulations currently in force or hereafter enacted (collectively, the "Anti-Terrorism Regulations").

(c) If Borrower becomes aware or receives any notice that any of the Related Persons are named on any of the OFAC Lists (such occurrence, an "OFAC Violation"), Borrower will immediately (i) give notice to the Issuer, the Trustee and the Servicer of such OFAC Violation, and (ii) comply with all laws applicable to such OFAC Violation (regardless of whether the party included on any of the OFAC Lists is located within the jurisdiction of the United States of America), including, without limitation, the Anti-Terrorism Regulations, and Borrower hereby authorizes and consents to Issuer's, Trustee's and Servicer's taking any and all steps Issuer, Trustee and Servicer deem necessary, in the sole discretion of each of Issuer, Trustee and Servicer, to comply with all laws applicable to any such OFAC Violation, including, without limitation, the requirements of the Anti-Terrorism Regulations (including the "freezing" and/or "blocking" of assets).

(d) Upon Issuer, Trustee's or Servicer's request from time to time during the term of the Loan, Borrower agrees deliver a certification confirming that the representations and warranties set forth in this Loan Agreement remain true and correct as of the date of such certificate and confirming Borrower's compliance with this Section. Borrower also agrees to cooperate with each of Issuer, Trustee and Servicer, and to cause each Related Person to cooperate with Issuer, Trustee and Servicer, in providing such additional information and documentation on Borrower's and such Related Person's legal or beneficial ownership, policies, procedures and sources of funds as Issuer, Trustee and Servicer deem necessary or prudent to enable each of them to comply with the Anti-Terrorism Regulations as now in existence or hereafter amended. From time to time upon the written request of Issuer, Trustee or Servicer, Borrower shall deliver to the requesting party a schedule of the name, legal domicile, address and jurisdiction of organization, if applicable, for each Related Party and each holder of a legal interest in any Borrower.

Section 5.26 Compliance with City Contracting Requirements. The Borrower covenants and agrees to comply with the provisions set forth in *Exhibit H* to this Loan Agreement.

ARTICLE 6

OPTION AND OBLIGATIONS OF BORROWER TO PREPAY

Section 6.1 Optional Prepayment.

(a) The Note and amounts due under Section 3.2(a) hereof are subject to prepayment in order to effect the redemption of the Bonds under Section 4.03 of the Indenture at the option of the Borrower in whole or in part on any Interest Payment Date and at the redemption prices plus accrued interest to the redemption date of the Bonds and Additional Interest, if applicable, as set forth in Section 4.03 of the Indenture.

(b) To effect prepayment of the Note and redemption of the Bonds as contemplated in subparagraph (a) above, the Borrower shall deliver to the Trustee and the Servicer, not less than ninety (90) days (or such lesser number of days acceptable to the Servicer and the Trustee) prior to the date on which Bonds are subject to redemption under said Section, a written certificate of the Borrower stating that the Borrower is prepaying the Note pursuant to this Section 6.1. The certificate from the Borrower shall certify the following: (i) the principal amount of the Note to be prepaid, (ii) that the amount to be prepaid on the Note shall be credited to redemption of the Bonds pursuant to Section 4.03 of the Indenture, (iii) the date for redemption of the Bonds, (iv) any conditions to such prepayment.

(c) The options granted to the Borrower in this Section 6.1 shall be exercisable only (i) in the event and to the extent the Bonds are subject to redemption in accordance with the Indenture and (ii) if no Event of Default under any of the Loan Documents shall have occurred and be then continuing or if all costs associated with any existing Event of Default (including, without limitation, late fees, penalties, costs of enforcement, protective advances and interest on such amounts) which are then due and owing under the Loan Documents are paid in full in connection with such prepayment.

(d) Notwithstanding anything to the contrary contained in this Loan Agreement, on and after the Conversion Date, optional prepayment of the Loan and the Bonds shall only be permitted at the times and upon the terms and requirements set forth in the Note.

Section 6.2 Mandatory Prepayment. The Loan and amounts due under Section 3.2(a) hereof shall be prepaid in whole or in part in order to effect the mandatory redemption of the Bonds at the times and in the amounts specified in Section 4.01 of the Indenture.

Section 6.3 Amounts Required for Prepayment.

(a) The amount payable by the Borrower hereunder upon either (i) the exercise of the option granted to the Borrower in Section 6.1 hereof, or (ii) the mandatory prepayment of the

Note by the Borrower in Section 6.2 hereof shall be, to the extent applicable and except as otherwise provided, the sum of the following:

(i) the amount of money necessary to pay the redemption price of the Bonds to be redeemed specified in Section 4.03 of the Indenture, in the case of optional redemption, and Section 4.02 of the Indenture in the case of mandatory redemption, together with all interest (including Additional Interest, if applicable) specified therein payable up to and including said redemption date, Prepayment Equalization Payment, if applicable, and all expenses of the redemption; plus

(ii) in the event of a redemption in whole, an amount of money equal to the Trustee Fee, Trustee's Expenses and Issuer Annual Fee and expenses under the Indenture accrued and to accrue until the final payment and redemption of the Bonds; plus

(iii) in the event of any prepayment during the existence and continuance of an Event of Default, the amounts described in Section 6.1(c)(ii) hereof.

(b) Any prepayment made pursuant to Section 6.1 or 6.2 hereof shall be deposited into the Revenue Fund. No prepayment or investment of the proceeds thereof shall be made which shall cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 6.4 Cancellation at Expiration of Term. At the acceleration, termination or expiration of the term of this Loan Agreement and following full payment of the Bonds or provision for payment thereof in accordance with Article XI of the Indenture and of all other fees and charges of all parties having been made in accordance with the provisions of this Loan Agreement and the Indenture, the Issuer shall deliver to the Borrower any documents and take or cause the Trustee to take such actions as may be necessary to effectuate the cancellation and evidence the termination of this Loan Agreement and the Loan Documents (other than the Regulatory Agreement, which shall not terminate except in accordance with the terms thereof).

ARTICLE 7

EVENTS OF DEFAULT AND REMEDIES

Section 7.1 Events of Default. The following shall be "Events of Default" under this Loan Agreement, and the term "Event of Default" shall mean, whenever it is used in this Loan Agreement, any one or more of the following events:

(a) Failure by the Borrower to pay any amounts required to be paid on the Note or under Section 3.2 (a) or (b) hereof and the continuation of such failure for a period of fifteen (15) days after the same are due; or

(b) Any failure by the Borrower to pay as and when due and payable any other sums to be paid by the Borrower under this Loan Agreement and the continuation of such failure for a period of fifteen (15) days after the same are due; or

(c) Any failure of any representation or warranty made in this Loan Agreement, the Construction Disbursement Agreement or any Requisition to be true and correct when made or renewed which has a material adverse effect on the Project or the Bonds; or

(d) Any failure by the Borrower to observe and perform any covenant or agreement on its part to be observed or performed hereunder or thereunder, other than as referred to in subsections (a) or (b) of this Section 7.1, for a period of thirty (30) days after written notice specifying such breach or failure and requesting that it be remedied, given to the Borrower by the Issuer, the Trustee or the Servicer; *provided*, that in the event such breach or failure be such that it can be corrected but cannot be corrected within said 30 day period, the same shall not constitute an Event of Default hereunder if corrective action is instituted by the Borrower or on behalf of the Borrower within said 30 day period and is diligently pursued to completion thereafter (unless, in the opinion of Bond Counsel delivered to the Servicer, failure to correct such breach or failure within the cure period herein provided (or such shorter time as shall be established as a limitation on the period of time during which correction may be pursued) will adversely affect the exclusion from gross income of interest on the Bonds for federal income taxation purposes or violate State law, in which case the extension of cure period herein provided will not be available); or

(e) Any Event of Default (as defined or otherwise set forth in the Indenture or any of the Loan Documents, the General Partner Documents or the Guaranty) shall have occurred and shall remain uncured after any applicable notice and beyond any applicable cure period provided in the applicable document; or

(f) Any dissolution, termination, partial or complete liquidation, merger or consolidation of any Obligor or the General Partner of Borrower, or except as otherwise permitted under the terms of the Loan Documents, any sale, transfer or other disposition of the Project or of all or substantially all of the assets of Borrower (not including a transfer by the Investor Limited Partner of its limited partner interests in Borrower); or

(g) Any failure by the Borrower to obtain any Project Approvals as required in order to proceed with the construction of the Project so as to complete the same by the Completion Date, or the revocation or other invalidation of any Project Approvals previously obtained; or

(h) Any change in the legal or beneficial ownership of the Borrower or the General Partner other than as expressly permitted by the terms hereof or by reason of the death of the owner of such interests; or

(i) The General Partner ceases for any reason to act in that capacity unless replaced by a transferee permitted pursuant to Section 5.17(e); or

(j) Any failure by the Borrower to pay at maturity, or within any applicable period of grace, any Indebtedness, or any failure to observe or perform any material term, covenant or agreement contained in any agreement by which it is bound, evidencing or securing any Indebtedness, for such period of time as would permit (assuming the giving of appropriate notice if required) the holder or holders thereof or of any obligations issued thereunder to accelerate the maturity thereof; or

(k) Any Obligor shall file a voluntary petition in bankruptcy under Title 11 of the United States Code, or an order for relief shall be issued against any such Obligor in any involuntary petition in bankruptcy under Title 11 of the United States Code, or any such Obligor shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief of debtors, or such Obligor shall seek or consent to or acquiesce in the appointment of any custodian, trustee, receiver, conservator or liquidator of such Obligor, or of all or any substantial part of its respective property, or such Obligor shall make an assignment for the benefit of creditors, or such Obligor shall give notice to any governmental authority or body of insolvency or pending insolvency or suspension of operation; or

(l) An involuntary petition in bankruptcy under Title 11 of the United States Code shall be filed against the Borrower or any Obligor and such petition shall not be dismissed within ninety (90) days of the filing thereof; or

(m) A court of competent jurisdiction shall enter any order, judgment or decree approving a petition filed against any Obligor seeking any reorganization, arrangement, composition, readjustment, liquidation or similar relief under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief for debtors, or appointing any custodian, trustee, receiver, conservator or liquidator of all or any substantial part of its property; or

(n) Any uninsured final judgment in excess of \$25,000 shall be rendered against the Borrower and shall remain in force, undischarged, unsatisfied and unstayed, for more than thirty (30) days, whether or not consecutive; or

(o) Any of the Loan Documents, the General Partner Documents or the Guaranty shall be canceled, terminated, revoked or rescinded otherwise than in accordance with the terms thereof or with the express prior written consent of the Servicer, or any action at law, suit in equity or other legal proceeding to cancel, revoke or rescind any of the Loan Documents, the General Partner Documents or the Guaranty shall be commenced by or on behalf of any Obligor which is a party thereto, or any of their respective stockholders, partners or beneficiaries, or any court or any other governmental or regulatory authority or agency of competent jurisdiction shall make a determination that, or issue a judgment, order, decree or ruling to the effect that, any one or more of the Loan Documents, the General Partner Documents or the Guaranty is illegal, invalid or unenforceable in accordance with the terms thereof; or

(p) Any refusal by the Title Insurance Company to insure that any advance is secured by the Mortgage as a valid lien and security interest on the Project and the continuation of such refusal for a period of twenty (20) days after notice thereof by Servicer to the Borrower; or

(q) Any of the Indenture, this Loan Agreement, the Regulatory Agreement or the Tax Certificate shall be amended in a material manner (including without limitation any "automatic" amendments of the Regulatory Agreement) without the prior written consent of the Servicer; or

(r) Completion shall not have been attained by the Completion Date; or

(s) Any cessation at any time in construction or equipping of the Improvements for more than twenty (20) consecutive days except for strikes, acts of God, fire or other casualty, or other causes entirely beyond the Borrower's control or any cessation at any time in construction or equipping of the Improvements for more than ninety (90) consecutive days regardless of the cause thereof; *provided*, that such cessation may continue for a period of longer than ninety (90) consecutive days with the consent of the Servicer if the Borrower shall have requested and received an extension of the Completion Date in accordance with the provisions of the Construction Disbursement Agreement, in which case it shall not be an Event of Default hereunder unless and until the period of cessation extends beyond the number of days for which the extension was granted; or

(t) Bank owns any Bonds after the Scheduled Conversion Date.

Section 7.2 Remedies on Default.

(a) Whenever any Event of Default referred to in Section 7.1 hereof shall have occurred and be continuing, any obligation of the Servicer to approve Requisitions shall be terminated, and the Trustee (but only if directed to do so by Servicer and, subject to the provisions of the Indenture) shall:

(i) by notice in writing to the Borrower declare the unpaid indebtedness under the Loan Documents to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable; and

(ii) take whatever action at law or in equity or under any of the Loan Documents, the General Partner Documents or the Guaranty, as may appear necessary or desirable to collect the payments and other amounts then due and thereafter to become due hereunder or thereunder or under the Note, or to exercise any right or remedy or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement, the Note or any other Loan Document (including without limitation foreclosure of the Mortgage), any General Partner Document or the Guaranty (including actions to enforce the Completion Agreement); and

(iii) cause the Project to be completed, rehabilitated and equipped in accordance with the Plans and Specifications, with such changes therein as the Servicer may, from time to time, and in its sole discretion, deem appropriate.

(b) Any amounts collected pursuant to action taken under this Section (other than amounts collected by the Issuer pursuant to the Reserved Rights) shall, after the payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Issuer, the Trustee or the Servicer and their respective Counsel, be paid into the Revenue Fund (unless otherwise provided in this Loan Agreement) and applied in accordance with the provisions of the Indenture. No action taken pursuant to this Section 7.2 shall relieve the Borrower from the Borrower's obligations pursuant to Section 3.2 hereof.

Section 7.3 No Remedy Exclusive. No remedy conferred herein or in any other Loan Document upon or reserved to the Trustee or the Servicer 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 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 Trustee or the Servicer to exercise any remedy reserved to it herein or in any other Loan Document, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 7.4 Agreement to Pay Fees and Expenses of Counsel. If an Event of Default shall occur under this Loan Agreement or under any of the other Loan Documents, and the Issuer, the Trustee, the Servicer should employ counsel or incur other expenses for the collection of the indebtedness or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower herein or therein contained, the Borrower agrees that it will on demand therefor pay to any such party, or, if so directed by any such party, to its counsel, the reasonable actually incurred fees of such Counsel and all other out-of-pocket expenses incurred by or on behalf of the Issuer, the Trustee, the Servicer.

Section 7.5 No Additional Waiver Implied by One Waiver; Consents to Waivers. In the event any agreement contained in this Loan Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver shall be effective unless in writing and signed by the party making the waiver.

Section 7.6 Remedies Subject to Applicable Law. All rights, remedies, and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of law, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the Land and to be limited to the extent necessary so that they will not render this Loan Agreement invalid, unenforceable, or not entitled to be recorded, registered, or filed under the provisions of any applicable law.

Section 7.7 Cure by Investor Limited Partner. The Issuer, the Trustee and the Servicer hereby agree that cure of any Event of Default made or tendered by the Investor Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 7.8 Issuer Exercise of Remedies. Notwithstanding anything to the contrary contained herein, the Issuer may enforce its Reserved Rights under the Loan Documents and exercise the permitted remedies with respect thereto against the Borrower; *provided*, that the Issuer shall not commence or direct the Trustee to commence any action to declare the outstanding balance of the Bonds or the Loan to be due and neither the Issuer nor the Trustee shall take any action in respect of Reserved Rights (i) to foreclose to take similar action under the Mortgage or otherwise in respect of any liens upon or security interests in the Project or other property pledged to secure the Borrower's obligations under the Loan Documents, (ii) to appoint a receiver, (iii) to enforce any similar remedy against the Project or other property pledged to secure the Borrower's obligations under the Loan Documents; or (iv) to enforce any other

remedy which would cause any liens or security interests granted under the Loan Documents to be discharged or materially impaired thereby.

ARTICLE 8

MISCELLANEOUS

Section 8.1 General Provisions. The following provisions shall be applicable at all times throughout the term of this Loan Agreement:

(a) The Issuer, the Trustee and the Servicer shall, at all times, be free to establish independently to their respective satisfaction and in their respective absolute discretion the existence or nonexistence of any fact or facts the existence of which is a condition of this Loan Agreement or any other Loan Document.

(b) The Bonds and the obligations and undertakings of the Issuer hereunder do not constitute a general obligation of the Issuer or the State or any political subdivision thereof, and recourse on the Bonds and on the instruments and documents executed and delivered by or on behalf of the Issuer in connection with the transactions contemplated hereby may be had only against certain moneys due and to become due under the Loan Documents (and not against any moneys due or to become due to the Issuer pursuant to the Reserved Rights). No recourse shall be had for the payment of the principal of or interest on the Bonds, or for any claim based thereon or on this Loan Agreement or any other Loan Document, any Issuer Document or any instrument or document executed and delivered by or on behalf of the Issuer in connection with the transactions contemplated hereby, against the Issuer or any member, officer, employee or other elected or appointed official, past, present or future, of the Issuer or any successor body, as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise and all such liability of the Issuer or any such incorporation, member, officer, director, employee, any other elected or appointed official or trustee as such is hereby expressly waived and released as a condition of and consideration for the adoption of the resolution authorizing the execution of the Issuer Documents and issuance of the Bonds and the delivery of other documents in connection herewith. No member, officer, employee or other elected or appointed official past, present or future, of the Issuer or any successor body shall be personally liable on the Issuer Documents, the Bonds or any other documents in connection herewith, nor shall the issuance of the Bonds be considered as misfeasance or malfeasance in office. The Bonds and the undertakings of the Issuer under the Issuer Documents do not constitute a pledge of the general credit or taxing power of the Issuer, the State, or any political subdivision thereof, do not evidence and shall never constitute a debt of the State or any political subdivision thereof (other than the Issuer), and shall never constitute nor give rise to a pecuniary liability of the State or any political subdivision thereof, other than the Issuer.

Section 8.2 Authorized Borrower Representative. Pursuant to written direction provided on the Closing Date, the Borrower has appointed one or more Authorized Representative for the purpose of taking all actions and making all certificates required to be taken and made by the Authorized Representative under the provisions of the Loan Documents.

Whenever under the provisions of any Loan Document the approval of the Borrower is required or any party is required to take some action at the request of the Borrower, such approval or such request shall be made by the Authorized Borrower Representative, unless otherwise specified in this Loan Agreement, and the Issuer, the Trustee and the Servicer shall be authorized to act on any such approval or request and the Borrower shall have no complaint against any such party as a result of any such action taken in conformity with such approval or request by the Authorized Borrower Representative.

Section 8.3 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Trustee and the Borrower and their respective successors and permitted assigns. The Borrower acknowledges and agrees that the Issuer has assigned or is assigning its rights under this Loan Agreement to the Trustee, and that, pursuant to the Indenture, Trustee will follow directions from the Servicer in implementing certain of the rights and remedies under this Loan Agreement. The Owners of the Bonds and the Servicer shall be express third party beneficiaries of this Loan Agreement, and shall have the right to enforce directly against Borrower or other persons the rights and implement the rights and remedies provided to each of them hereunder, but not including the Reserved Rights; *provided*, that the rights of the Owners to bring actions and implement rights and remedies hereunder shall be subject to the same restrictions as are imposed with respect to actions, rights and remedies of the Owners under the Indenture.

Section 8.4 Execution in Counterparts. This 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; *provided*, that for purposes of perfecting a lien or security interest in this Loan Agreement by the Trustee, whether under Article 9 of the Uniform Commercial Code of the State or otherwise, only the counterpart delivered to, and received by, the Trustee shall be deemed the original.

Section 8.5 Amendments, Changes and Modifications. Subsequent to the issuance of the Bonds and prior to payment or provision for the payment of the Bonds in full (including interest thereon) in accordance with the provisions of the Indenture and except as otherwise provided herein, the Loan Documents may not be amended, changed, modified, altered or terminated by the Issuer, the Trustee or the Borrower except in compliance with Article IX of the Indenture.

Section 8.6 Severability. In the event any provision of this Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof and such invalid or unenforceable provision shall be deemed no longer to be contained in this Loan Agreement.

Section 8.7 Notices. All notices, demands, requests, consents, approvals, certificates or other communications hereunder shall be effective if given in the manner required in Section 10.08 of the Indenture. Copies of all notices which are sent to Borrower hereunder shall also be sent to the Investor Limited Partner.

Section 8.8 Applicable Law; Venue. This Loan Agreement shall be governed exclusively by and construed in accordance with the laws of the State. and any action arising out

of this Loan Agreement or the Bonds shall be filed and maintained in the City and County of San Francisco, California, unless the Issuer waives this requirement in writing.

Section 8.9 Debtor Creditor Relationship. It is expressly understood and agreed that the relationship between the Issuer and the Borrower established by the transaction contemplated by this Loan Agreement and by all of the other Loan Documents is exclusively that of creditor or lender, on the part of the Issuer, and debtor or borrower, on the part of the Borrower and is in no way to be construed as a partnership or joint venture of any kind. It is further understood that all payments by the Borrower under the Loan Documents shall be exclusively on account of the said debtor/creditor relationship.

Section 8.10 Usury; Total Interest. This Loan Agreement is subject to the express condition, and it is agreed, that at no time shall payments hereunder, under the Note or under the other Loan Documents that are or are construed to be payments of interest on the unpaid principal amount of the Loan reflect interest that is borne at a rate in excess of the maximum permitted by law. The Borrower shall not be obligated or required to pay, nor shall the Issuer be permitted to charge or collect, interest borne at a rate in excess of such maximum rate. If by the terms of this Loan Agreement or the other Loan Documents, the Borrower is required to make such payments reflecting interest borne at a rate in excess of such maximum rate, such payments shall be deemed to be reduced immediately and automatically to reflect such maximum rate. It is further agreed that the total of amounts paid hereunder as interest on the Loan which is to pay interest on the Bonds, cumulative from the date of the Note, shall not exceed the sum of 5% per month, simple and non-compounded for each month from such date to the date of calculation (calculated on the basis of a 360-day year of twelve thirty-day months). Any such excess payment previously made in either case shall be immediately and automatically applied to the unpaid balance of the principal sum of the Loan and not to the payment of interest thereon. This Loan Agreement is also subject to the condition that amounts paid hereunder representing late payment or penalty charges or the like shall only be payable to the extent permitted by law.

Section 8.11 Term of this Loan Agreement. This Loan Agreement shall be in full force and effect from its date to and including such date as all of the Bonds issued under the Indenture shall have been fully paid or retired in accordance with their terms and the terms of the Indenture (or provision for such payment shall have been made as provided in the Indenture), except, however, that the covenants and provisions relating to the Reserved Rights of the Issuer and the covenants relating to the preservation of exclusion from gross income of interest on the Bonds for purposes of federal income taxation shall survive the termination hereof.

Section 8.12 Non-Recourse. Anything contained in any provision of this Loan Agreement, the Mortgage, the Regulatory Agreement, the Borrower's Tax Certificate or the Note notwithstanding, in the event of any proceeding to foreclose the Mortgage or otherwise to enforce the provisions of the Note, this Loan Agreement, the Mortgage or the Regulatory Agreement after the Conversion Date, neither the Issuer, nor the Trustee or other holder of the Note (collectively, the "Noteholder"), nor any Owner of Bonds, nor any beneficiary of the Mortgage shall be entitled to take any action to procure any personal money judgment or any deficiency decree against the Borrower or any partner of the Borrower or its or their heirs, personal representatives, successors and assigns, it being understood and agreed that recourse hereon and under the Mortgage, the Regulatory Agreement and the Note shall, following the

Conversion Date, be limited to the assets of the Borrower that are the security from time to time provided with respect to the Note and this Loan Agreement; *provided*, that nothing herein contained shall limit or be construed to limit or impair the enforcement against the Project or any other additional security as may from time to time be given to the beneficiary hereof as security for the performance of this Loan Agreement, the Mortgage, the Regulatory Agreement, the Borrower's Tax Certificate, the Note, or any other instrument now or hereafter securing the Note or this Loan Agreement, or the rights and remedies of the Trustee or the beneficiary, its successors and assigns, under this Loan Agreement, the Mortgage, the Regulatory Agreement, the Tax Certificate or the Note or any other instruments. Notwithstanding the foregoing, the provisions of this Section shall be null and void and have no force and effect to the extent of any loss suffered by the Issuer, the Trustee, any Owner or any beneficiary of or the trustee under the Mortgage as a result of the Borrower's: (a) committing any act of fraud; (b) misapplication of any condemnation award or casualty insurance proceeds; (c) failure to apply the revenues of the Project in the manner and for the purposes provided in the Bond Documents, whether before or after an Event of Default; or (d) violation of any environmental laws. Nothing herein shall be deemed to prohibit the naming of the Borrower in an action to realize upon the remedies provided herein either at law or in equity, subject to the foregoing limitation against a personal money judgment or deficiency decree against the Borrower, the partners of the Borrower or their heirs, personal representatives, successors and assigns, or to prohibit the naming of any person in any action to realize upon the remedies provided in the General Partner Documents, the Guaranty or any other guaranty given in favor of the Issuer, the Trustee or the Servicer.

Section 8.13 Limitation on Liability of the Issuer; Issuer May Rely.

(a) Notwithstanding anything herein or in any other instrument to the contrary, the Issuer shall not be obligated to pay the principal (or redemption price) of or interest on the Bonds, except from moneys and assets received by the Trustee on behalf of the Issuer pursuant to this Loan Agreement. Neither the faith and credit nor the taxing power of the State, or any political subdivision thereof, nor the faith and credit of the Issuer is pledged to the payment of the principal (or redemption price) of or interest on the Bonds. The Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Loan Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under this Loan Agreement.

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

(b) It is expressly understood and agreed by the parties to this Loan Agreement that:

(i) the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, any Owner or the Borrower as to the existence of a fact or state of affairs required under this Loan Agreement to be noticed by the Issuer;

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

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

(c) No provision, representation, covenant or agreement contained in this Loan Agreement or in the Indenture, the Bonds, or any obligation herein or therein imposed upon the Issuer, or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability (except to the extent of any Loan repayments, revenues and receipts derived by the Issuer pursuant to this Loan Agreement and other moneys held pursuant to the Indenture, other than in the Rebate Fund). Notwithstanding anything herein or in any other instrument to the contrary, no provision hereof shall be construed to impose a charge against the general credit of the Issuer, the State or any other political subdivision of the State, the taxing powers of the foregoing, within the meaning of any Constitutional provision or statutory limitation, or any personal or pecuniary liability upon any official, director, officer, employee, agent or attorney of the Issuer.

(d) All covenants, obligations and agreements of the Issuer contained in this Loan Agreement and the Indenture shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future official, director, officer, employee, agent or attorney of the Issuer in other than his official capacity, and no official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof or by reason of the covenants, obligations or agreements of the Issuer contained in this Loan Agreement or in the Indenture. No provision, covenant or agreement contained in this Loan Agreement, the Indenture or the Bonds, or any obligation herein or therein imposed upon the Issuer, or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge. No recourse shall be had for the enforcement of any obligation, covenant, promise, or agreement of the Issuer contained in this Loan Agreement or in any Bond or for any claim based hereon or otherwise in respect hereof or upon any obligation, covenant, promise, or agreement of the Issuer contained in any agreement, instrument, or certificate executed in connection with the Project or the issuance and sale of the Bonds, against any member of the governing board of the Issuer, its officers, counsel, financial advisor, employees or agents, as such, in his or her individual capacity, past, present, or future,

or of any successor thereto, whether by virtue of any Constitutional provision, statute, or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that no personal liability whatsoever shall attach to, or be incurred by, any member of the governing board, officers, counsel, financial advisors, employees or agents, as such, in his or her individual capacity, past, present, or future, of the Issuer or of any successor thereto, either directly or by reason of any of the obligations, covenants, promises, or agreements entered into between the Issuer and the Trustee or the Borrower to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against every such director, officer, counsel, financial advisor, employee or agent, is, by the execution of the Bonds, this Loan Agreement, and the Indenture, and as a condition of, and as part of the consideration for, the execution of the Bonds, this Loan Agreement, and the Indenture, expressly waived and released.

Section 8.14 Waiver of Personal Liability. No member of the governing board, officer, agent or employee of the Issuer or any director, officer, agent or employee of the Issuer shall be individually or personally liable for the payment of any principal (or redemption price) of or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this 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 Loan Agreement.

Section 8.15 PATRIOT Act Notice. Issuer hereby notifies Borrower and Guarantor that, pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies Borrower and Guarantor, which information includes the names and addresses of Borrower and Guarantor and other information that will allow Issuer to identify Borrower and Guarantor in accordance with the PATRIOT Act.

Section 8.16 Assignment and Transfer of Note and Loan Documents. Anything in the Note or the Loan Documents to the contrary notwithstanding, none of the Note or the Loan Documents may be sold, assigned or transferred by the Owner separately from the Bonds, except to the extent permitted by Section 4.08 of the Indenture.

[balance of page left blank intentionally]

IN WITNESS WHEREOF, the Issuer, the Trustee and the Borrower have caused this Loan Agreement to be executed in their respective names, all as of the date first above written.

CITY AND COUNTY OF SAN FRANCISCO

By:

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

Approved as to form:
DENNIS J. HERRERA
City Attorney

By: _____
Heidi Gewertz,
Deputy City Attorney

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Signatory

MACEO MAY APTS, L.P., a California limited partnership

By: CCDC-Maceo May Apts LLC,
a California limited liability company,
its co-general partner

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

By: _____
Norman Fong,
Executive Director

By: Swords-Maceo May Apts LLC,
a California limited liability company,
its co-general partner

By: Swords to Plowshares: Veterans
Rights Organization,
a California nonprofit public benefit
corporation, its sole
member/manager

By: _____
Michael Blecker,
Executive Director

EXHIBIT A

LEGAL DESCRIPTION OF REAL ESTATE

EXHIBIT B

FORM OF PROMISSORY NOTE

PROMISSORY NOTE SECURED BY DEED OF TRUST (Construction Loan Converting to Term Loan)

\$_____00

February 1, 2020

San Francisco, California

1. Borrower's Promise To Pay.

FOR VALUE RECEIVED, **MACEO MAY APTS, L.P.**, a California limited partnership (the "**Borrower**"), promises to pay to the order of the **CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA**, a municipal corporation and chartered city and county duly organized and validly existing under its City Charter and the Constitution and the laws of the State of California ("**Issuer**"), at One South Van Ness, 5th Floor, San Francisco, California 94103, or at such other place as the holder of this Note may from time to time designate, the principal sum of up to _____ and No/100 Dollars (\$_____00) ("**Maximum Loan Amount**"), or such lesser amount as may be advanced and outstanding under this promissory note (the "**Note**"), plus interest as specified in this Note. Issuer shall not be required to make any advance if that would cause the outstanding principal of this Note to exceed the Maximum Loan Amount.

This Note is executed and delivered in connection with the issuance by the City and County of San Francisco, California of its Multifamily Housing Revenue Bonds (Maceo May Apartments), Series 2020_ in the aggregate principal amount of \$_____00 (the "**Bonds**") pursuant to that certain Trust Indenture executed by U.S. Bank National Association ("**Bond Trustee**") and Issuer and dated as of even date herewith ("**Indenture**"). Pursuant to that certain Loan Agreement executed among Issuer, Bond Trustee and Borrower and dated as of even date herewith (the "**Loan Agreement**"), Issuer has agreed to lend to Borrower certain proceeds of the sale of the Bonds (the "**Loan**"). Silicon Valley Bank, as majority owner ("**Majority Owner**") has agreed to purchase the Bonds pursuant to that certain Construction Disbursement and Permanent Loan Agreement dated as of even date herewith ("**Construction Disbursement Agreement**"). Pursuant to the Indenture, certain rights of the Issuer in and to this Note, the Loan Agreement and the other Loan Documents have been assigned to Bond Trustee.

Pursuant to the Loan Agreement, proceeds of the Bonds will be used to fund a construction loan to Borrower in the principal amount of _____ and No/100 Dollars (\$_____00) (the "**Construction Loan Amount**"). Upon the satisfaction of certain conditions, the construction loan will convert to a term loan in the principal amount of up to _____ and No/100 Dollars (\$_____00) (the "**Term Loan Amount**"). The Construction Loan Amount and the Term Loan Amount shall be collectively referred to herein as, the "**Loan**".

The Note is secured by a Construction and Permanent Leasehold Deed of Trust with Assignment of Leases and Rents, Security Agreement, and Fixture Filing (the "**Deed of Trust**") covering certain real and personal property, as therein described (the "**Property**"). The obligations of Borrower under the Note may also be secured by other collateral. The Note, the Deed of Trust, and the Loan Agreement, together with all of their exhibits, and all other documents which evidence, guaranty, secure, or otherwise pertain to the Loan collectively constitute the "**Loan Documents**." Some or all of the Loan Documents, including the Loan Agreement, contain provisions for the acceleration of the maturity of this Note. The Note is subject to the terms and conditions of the Loan Agreement. Capitalized terms used but not defined herein shall have the meanings set forth in the Indenture, or, if not defined in the Indenture, in the Loan Agreement or Construction Disbursement Agreement.

Subject only to completion of the Improvements and the other terms and conditions in the Loan Agreement and the Bond Purchase Agreement of even date herewith by and among Borrower, Majority Owner and California Community Reinvestment Corporation, a California nonprofit public benefit corporation ("**CCRC**") ("**Bond Purchase Agreement**"), CCRC shall purchase a portion of the Loan from Majority Owner. Upon such purchase (the "**Conversion Date**"), the Loan will convert to a term loan as more fully described herein. If CCRC does not purchase the Loan for any reason whatsoever, no such conversion will occur, the Loan will remain a construction loan and the final payment date for the Loan shall remain the Initial Maturity Date or First Extended Initial Maturity Date, or Second Extended Initial Maturity Date as applicable, as set forth herein.

2. Maturity Date. All principal and all accrued and unpaid interest and other sums due hereunder shall be due and payable on October 1, 2022 (the "**Initial Maturity Date**"), subject to possible extension to January 1, 2023 (the "**First Extended Initial Maturity Date**") in accordance with Section 2.9 of the Construction Disbursement Agreement or April 1, 2023 (the "**Second Extended Initial Maturity Date**") in accordance with Section 2.10 of the Construction Disbursement Agreement. The period from the date of recordation of the Deed of Trust through the Initial Maturity Date (as it may be extended pursuant to Section 2.9 and Section 2.10 of the Construction Disbursement Agreement) is herein referred to as the "**Construction Loan Period**." If the Initial Maturity Date is so extended (i) all sums outstanding under the Loan will be due and payable on the First Extended Initial Maturity Date or Second Extended Initial Maturity Date, as applicable; and (ii) all references herein and in the other Loan Documents to the "Initial Maturity Date" shall thereafter mean the "First Extended Initial Maturity Date" or "Second Extended Initial Maturity Date" as applicable. Upon the Conversion Date, the Initial Maturity Date, or First Extended Initial Maturity Date or Second Extended Initial Maturity Date, as applicable, shall be extended to the Final Extended Maturity Date (defined below).

3. Interest Rate and Payment Terms During the Construction Loan Period.

3.1 Interest Only Payments. During the Construction Loan Period, Borrower shall make monthly interest only payments in arrears on the first day of each month beginning on March 1, 2020.

3.2 Interest Rate During Construction Loan Period.

(a) During the Construction Loan Period, the Loan shall bear interest at a fixed rate of _____ percent (____%) per annum through the Initial Maturity Date.

(b) If the term of the Construction Loan is extended pursuant to Section 2.9 or 2.10 of the Construction Disbursement Agreement to the First Extended Initial Maturity Date, then from the first day following the Initial Maturity Date through the First Extended Initial Maturity Date or Second Extended Initial Maturity Date, as applicable, the unpaid balance of the Loan shall bear interest at a monthly adjustable rate equal to the greater of (x) the Treasury Rate as of the last business day of the preceding month plus one and thirty-five hundredths of one percent (1.35%) per annum or (y) three and seven hundredths of one percent (3.07%) per annum. The Treasury Rate shall be determined once a calendar month as of the last business day of the preceding month, and the interest rate shall be adjusted as of the first day of each calendar month to reflect changes to the Treasury Rate. In the event that the First Extended Initial Maturity Date is further extended from the First Extended Initial Maturity Date to the Second Extended Initial Maturity Date, the unpaid balance of the Loan shall bear interest at a monthly adjustable rate equal to the greater of (x) the Treasury Rate as of the last business day of the preceding month plus one and thirty-five hundredths of one percent (1.35%) per annum or (y) three and seven hundredths of one percent (3.07%) per annum. The Treasury Rate shall be determined once a calendar month as of the last business day of the preceding month, and the interest rate shall be adjusted as of the first day of each calendar month to reflect changes to the Treasury Rate. As used herein, "**Treasury Rate**" means the annualized yield on securities issued by the United States Treasury having a maturity equal to a two year term, as quoted in Federal Reserve Statistical Release [h.15(519)] under the heading "U.S. Government Securities – Treasury Constant Maturities" (or a comparable rate as determined by Lender if such rate is no longer published).

4. **Interest Rate and Payment Terms During the Term Loan Period.** Effective on, and at all times following the Conversion Date, this Note shall be governed by the following terms:

4.1 **Interest Only Until Amortization Date.** If the Conversion Date is a day other than the first day of a calendar month, Borrower shall pay interest on the Term Loan Amount (as defined in the Loan Agreement), in advance, at the rate set forth below for the Term Loan Period, from the Conversion Date to the first day of the first month following the Conversion Date (the "**Amortization Date**"). Accrued interest under this **Section 4.1** shall be computed based on the actual number of days elapsed from the date that CCRC disburses the Term Loan Amount to the closing escrow in anticipation of the Conversion Date (irrespective of when such Term Loan Amount is disbursed by the closing escrow to or for the benefit of Borrower) until the Amortization Date. On or after the Conversion Date, Majority Owner shall calculate the interest payable for the period from the Conversion Date to the Amortization Date and shall notify Borrower of the amount due. Borrower shall pay such interest promptly upon demand.

4.2 **Amortizing Payments.** Beginning on the first day of the first month following the Amortization Date (or the Conversion Date if such date is the first day of a calendar month), and continuing on the first day of each and every month thereafter until the Final Extended Maturity Date, Borrower shall make monthly installments of principal and interest as set forth below (each, a "**Regular Payment**"). All principal, interest, and all other amounts owing in connection herewith shall be paid by Borrower in lawful money of the United States of America, such that Issuer has received immediately available funds for the credit of Borrower not later than 3:00 p.m. Pacific time on the date that such payment is due. Any payment made after 3:00 p.m. Pacific time shall be deemed received on the next Business Day. If any Payment becomes due on any day, which is not a Business Day, such Payment shall be made on the next succeeding Business Day. The term "Business Day" means those weekdays on which Issuer is open and conducting its customary transactions.

4.3 **Interest Rate During Term Loan Period.**

(a) If the Conversion Date occurs on or before _____ ("**Rate Lock Termination Date**"), the interest on this Note from the Conversion Date shall be ____% per annum ("**Initial Term Loan Period Interest Rate**"), and shall continue in effect until the fifteenth (15th) anniversary of the Conversion Date ("**Reset Date**").

(b) On the Reset Date, the Initial Term Loan Period Interest Rate shall be adjusted to a per annum interest rate determined as of the date ten (10) days prior to the Reset Date as the percentage obtained by adding two and twenty hundredths of one percent (2.20%) to the Index (as defined below) ("**Reset Rate**"); provided, however, that in no event shall the Reset Rate exceed the lesser of (i) three percent (3%) or (ii) the maximum amount permitted by law.

(c) If the Conversion Date occurs after the Rate Lock Termination Date in accordance with any extension of the Initial Maturity Date as may be agreed to by Majority Owner and CCRC, then unless Majority Owner and CCRC otherwise conditions such extension, the Initial Term Loan Period Interest Rate shall be determined as of the date ten (10) days prior to the Conversion Date as the greater of (a) ____% and (b) the percentage obtained by adding _____ percent (____%) to the Index (as defined below); provided, however, that in no event shall the Initial Term Loan Period Interest Rate exceed the lesser of (i) twelve percent (12%) per annum or (ii) the maximum rate permitted by law.

As used herein, "**Index**" means the yield to maturity on a composite of national AAA rated, municipal tax exempt revenue bonds with a ten (10) year term as reported on Bloomberg.com (or, if such report is discontinued, in a comparable industry source selected by CCRC), adjusted to a constant maturity, and as available forty-five (45) days prior to the date upon which the interest rate then in effect on this Note shall be determined.

For the period beginning on the first day of the month following the month in which the Conversion Date occurs, and thereafter for the balance of the term of the Loan, Borrower shall pay to Lender equal monthly installments of principal and interest in the amount that would fully amortize the Loan as of the

Conversion Date over a twenty-five (25) year period. On the twenty-fifth (25th) anniversary of the date of the first Regular Payment Date following the Conversion Date (the "**Final Extended Maturity Date**"), the entire remaining principal balance hereunder, together with all accrued and unpaid interest thereon, shall be due and payable.

5. General Interest Rate and Payment Terms.

5.1 Note Rate. Each interest rate in effect from time to time under this Note is herein referred to as a "Note Rate."

5.2 Effective Contracted Rate. Borrower agrees to pay an effective contracted rate of interest equal to the rate of interest resulting from all interest payable as provided in this Note plus the additional rate of interest resulting from (a) the Construction Loan Fee (as such term is defined in the Construction Disbursement Agreement), (b) the Term Loan Fee (as such term is defined in the Construction Disbursement Agreement), (c) the Prepayment Fee (as such term is defined below), if applicable, and (d) all Other Sums. For purposes hereof, the "Other Sums" shall mean all fees, charges, goods, things in action, or any other sums or things of value (other than interest payable as provided in this Note, the Construction Loan Fee, the Term Loan Fee, and the Prepayment Fee (if applicable) paid or payable by Borrower, whether pursuant to this Note, any of the other Loan Documents, or any other document or instrument in any way pertaining to this lending transaction, that may be deemed to be interest for the purpose of any law of the State of California that may limit the maximum amount of interest to be charged with respect to this lending transaction. The Other Sums shall be deemed to be interest and part of the "contracted for rate of interest" for the purposes of any such law only.

5.3 Usury Savings Clause. It is expressly stipulated and agreed to be the intent of Borrower and Issuer at all times to comply with applicable state law or applicable United States federal law (to the extent that it permits Issuer to contract for, charge, take, reserve, or receive greater amount of interest than under state law) and that this Section shall control every other covenant and agreement in this Note and the other Loan Documents. If applicable state or federal law should at any time be judicially interpreted so as to render usurious any amount charged, taken, reserved, or received with respect to the Loan, or if Issuer's exercise of the option to accelerate the maturity of the Loan at the direction of the Majority Owner, or if any prepayment by Borrower, results in Borrower having paid any interest in excess of that permitted by applicable law, then it is Issuer's express intent that all such excess amounts theretofore collected by Issuer shall be credited to the principal balance of this Note and all other indebtedness, and that the provisions of this Note and the other Loan Documents shall immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new documents, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder or thereunder. All sums paid or agreed to be paid to Issuer for the use, forbearance, or detention of the Loan shall, to the extent not prohibited by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the maximum lawful rate from time to time in effect and applicable to the Loan for so long as the Loan is outstanding.

5.4 Calculation of Interest. Prior to the Conversion Date, interest will be computed on the basis of a three hundred sixty (360) day year and actual days elapsed, which results in more interest than if a three hundred sixty-five (365) day year were used. Commencing on the Conversion Date, interest will be computed on the basis of a 360-day year, comprised of twelve (12) 30-day months and the early or late date of making a monthly payment will be disregarded for purposes of allocating the payment between principal and interest. For this purpose, the payment will be treated as though made on the date due.

5.5 Payments. All amounts payable under this Note are payable in lawful money of the United States during normal business hours on a Banking Day. Checks and drafts constitute payment only when collected. All payments made under this Note shall be made without offset, demand, counter-claim, deduction or recoupment (each of which is hereby waived), and acceptance by Issuer of any payment in an

amount less than the amount then due shall be deemed an acceptance on account only, notwithstanding any notation on or accompanying such partial payment to the contrary, and shall not constitute a waiver by Issuer of any Event of Default. Except as otherwise set forth herein or in any other Loan Document, payments shall be applied in such order and manner as Issuer may determine in its sole and absolute discretion. A "**Banking Day**" means a day, other than a Saturday or Sunday, on which Majority Owner is open for business for all banking functions.

6. Principal Prepayments.

6.1 Defined Terms. Some of the defined terms set forth below may be inapplicable to this Note depending on the interest rate(s) and terms being offered. The following terms, if used in this Note, shall have the following meanings:

(a) Final Regular Payment Date. "Final Regular Payment Date" means the date on which the final Regular Payment under this Note is due to the Issuer.

(b) "Outstanding Balance." "Outstanding Balance" shall mean the principal balance of the Loan which has been advanced by or on behalf of the Issuer under the Loan Agreement, and has not been repaid by the Borrower to the Issuer as of the date of calculation of the Outstanding Balance.

(c) Prepayment Date. "Prepayment Date" means a date on which Borrower pays all of the then outstanding principal balance of this Note, plus all interest accrued and unpaid on the principal balance of this Note, plus all other sums then due under this Note, the Deed of Trust and any other documents.

(d) Prepayment Fee. "Prepayment Fee" means a prepayment consideration as defined in **Section 6.3.**

(e) Prepayment Notice. "Prepayment Notice" means the written correspondence provided by Borrower to the Issuer, indicating the Borrower's intentions to prepay the then outstanding principal on the Loan.

(f) Remaining Term. "Remaining Term" means the number of months remaining between the Prepayment Date and the Final Regular Payment Date, whichever is sooner.

(g) Treasury Rate. "Treasury Rate" means the annualized yield on securities issued by the United States Treasury having a maturity equal to the Remaining Term, as quoted in Federal Reserve Statistical Release [h.15(519)] under the heading "U.S. Government Securities – Treasury Constant Maturities", for the date most near two (2) weeks before the Prepayment Date (or a comparable rate as determined by Majority Owner if such rate is no longer published).

6.2 Prepayment Conditions. Borrower may prepay all or part of the Outstanding Balance of the Note, subject to the following terms and conditions:

(a) No Prepayment Fee Periods. Borrower may prepay all or a part of the Outstanding Balance of the Note without fee or premium during the following periods:

(i) At any time prior to or on the Conversion Date, *provided, however*, that so long as the Bond Purchase Agreement is in effect, any such prepayments shall not reduce the principal under the Bonds and this Note below \$_____.00, unless such prepayment is (i) with the prior consent of Majority Owner and CCRC, or (ii) unless CCRC requires a further payoff pursuant to the terms of the Bond Purchase Agreement; or

(ii) Within the ninety (90) day period prior to the Final Extended Maturity Date.

(b) Prepayment Conditions. Other than as set forth in Section 6.2(a), the Outstanding Balance of this Note may not be prepaid, in whole or in part, at any time, except that Borrower shall have the right to prepay the whole (but not less than the whole) of the Outstanding Balance of this Note on any scheduled payment date under this Note, upon and subject to the following terms and conditions:

(i) Borrower shall give Majority Owner (with a copy to the Issuer) the Prepayment Notice not less than sixty (60) days prior to the Prepayment Date. If a Prepayment Notice is given, such notice shall be irrevocable, and the Outstanding Balance of this Note and all other sums required to be paid as set forth in Section 6.2(b)(ii) below shall be due and payable on the Prepayment Date.

(ii) Borrower shall pay to Issuer on the Prepayment Date the sum of the following: (i) the Outstanding Balance of this Note plus (ii) all interest accrued and unpaid on the Outstanding Balance of this Note to and including the Prepayment Date, plus (iii) all other sums then due under this Note, the Deed of Trust and any other loan documents, plus (iv) the applicable Prepayment Fee.

(iii) Without limiting any of the provisions of this Section, Issuer shall not be obligated to accept any prepayment of the Outstanding Balance of this Note unless it is accompanied by the Prepayment Fee due in connection therewith.

(iv) Notwithstanding anything contrary herein, Lender and Borrower agree that any partial prepayment made by Borrower prior to or on the Conversion Date shall be applied first to pay off any Bonds which have been determined to be taxable pursuant to Section 4.38 of the Construction Disbursement Agreement, and then to pay off tax-exempt Bonds, in inverse order of how they were drawn, in accordance with the terms of the Indenture and Loan Agreement.

6.3 Prepayment Fee. If a Prepayment Fee is required pursuant to Section 6.2 above, at any time during the fifteen (15) years following the Conversion Date ("Yield Maintenance Period"), Borrower may only prepay all, but not less than all, of the principal balance of this Note upon giving Issuer not less than sixty (60) days' prior written notice thereof, and paying all of the unpaid principal balance of this Note on the Business Day before the next scheduled monthly payment date following such 60-day notice, and by also paying (in addition to the entire unpaid principal balance of this Note and all accrued interest and any other sums due Issuer at the time of prepayment) a prepayment premium equal to the greater of:

- (A) One percent (1%) of the entire unpaid principal balance of the Note, or
- (B) The product obtained by multiplying (i) the amount of principal being prepaid, times (ii) the difference obtained by subtracting from the interest rate then in effect on this Note the Yield Rate (as defined below) on the fifth (5th) Business Day preceding the date notice of prepayment is given to Issuer (where prepayment is voluntary), or the date Issuer accelerates the Loan, times (iii) the present value factor calculated using the following formula:

$$\frac{1 - (1 + r)^{-n/12}}{r}$$

r = Yield Rate

n = the number of months, and any fraction thereof, remaining between (1) either of the following, as applicable: (i) the prepayment date, if the prepayment is voluntary, or (ii) the date

on which Issuer accelerates any unpaid principal balance of this Note, and (2) the expiration of the Yield Maintenance Period

“Yield Rate” means the yield calculated by interpolating the yields for the immediately shorter and longer term U.S. “Treasury constant maturities” (as reported in the Federal Reserve Statistical Release H.15 Selected Interest Rates (the “Fed Release”) under the heading “U.S. government securities”) closest to the remaining term of the Yield Maintenance Period, as follows (rounded to three decimal places):

$$\left(\frac{(a - b)}{(x - y)} \times (z - y) \right) + b$$

Where:

a = the yield for the longer U.S. Treasury constant maturity
 b = the yield for the shorter U.S. Treasury constant maturity
 x = the term of the longer U.S. Treasury constant maturity
 y = the term of the shorter U.S. Treasury constant maturity
 z = “ n ” (as defined in the present value factor calculation above) divided by 12

Notwithstanding any provision to the contrary, if “ z ” equals a term reported under the U.S. “Treasury constant maturities” subheading in the Fed Release, the yield for such term shall be used, and interpolation shall not be necessary. If publication of the Fed Release is discontinued by the Federal Reserve Board, Issuer shall determine the Yield Rate from another source selected by Issuer. Any determination of the Yield Rate by Issuer will be binding absent manifest error.

After the expiration of the Yield Maintenance Period and upon giving Issuer ninety (90) days prior written notice, Borrower may prepay the entire unpaid principal balance of the Note on the last Banking Day before a scheduled monthly payment date by paying the entire unpaid principal balance of the Note and all accrued interest and any other sums due Issuer at the time of prepayment. No partial prepayment shall be permitted without the consent of Issuer in its sole discretion.

Borrower shall pay the prepayment premium due under this Note whether prepayment is voluntary or involuntary (in connection with Issuer’s acceleration of the unpaid principal balance of this Note) or the satisfaction or release of the Deed of Trust by foreclosure (whether by power of sale or judicial proceeding), deed in lieu of foreclosure or by any other means. Notwithstanding any other provision herein to the contrary, Borrower shall not be required to pay any prepayment premium in connection with any prepayment occurring as a result of the application of insurance proceeds or condemnation awards under the Deed of Trust.

If the Loan is prepaid after the Conversion Date on any day other than the first day of a calendar month, whether such prepayment is voluntary, involuntary or upon full acceleration of the principal amount of the Loan by Lender following an Event of Default, Borrower shall pay to Lender on the prepayment date (in addition to all other sums then due and owing to Lender under the Note and the other Loan Documents) an additional prepayment charge equal to the interest which would otherwise have accrued on the amount prepaid (had such prepayment not occurred) during the period from and including the prepayment date to and including the last day of the calendar month in which the prepayment occurred.

6.4 Default Prepayment Fee. Borrower agrees that any tender of payment by Borrower or any other party of all or any portion of the principal sum evidenced by this Note, other than as expressly set forth in **Section 6.2** and **Section 6.3** shall constitute a prohibited prepayment hereunder. Borrower further agrees that should: (i) any default be made in the payment of any amount due under this Note, or any other event of default have occurred, and (ii) the maturity hereof be accelerated, then a tender of payment by Borrower, or by any entity related to, or affiliated with, Borrower or by anyone on behalf of Borrower, of the amount necessary to satisfy all sums due under this Note, Deed of Trust and any other loan documents, including, without limitation, any sum due on any judgment rendered in any foreclosure action, or any amounts necessary to redeem the Property, made at any time prior to, during, or after, a judicial foreclosure or a sale pursuant to the exercise of a power of sale of the Property, shall constitute an evasion of the payment terms hereof and shall be deemed to be a prohibited prepayment hereunder. Borrower acknowledges that Issuer has relied upon the anticipated investment return under this Note; therefore, the tender of any prohibited prepayment shall, to the extent permitted by law, include the Prepayment Fee. Borrower agrees that the Prepayment Fee represents the reasonable estimate of Issuer and Borrower of a fair average compensation for the loss that may be sustained by Issuer due to the prohibited prepayment of the indebtedness evidenced by this Note. Such Prepayment Fee shall be paid in the case of any prohibited prepayment without prejudice to the right of the Issuer to collect any other amounts provided to be paid under the Note, Deed of Trust and any other loan documents. Nothing herein contained shall constitute an agreement on the part of the Issuer to accept any prepayment, other than as expressly provided in **Section 6.3** of this Note.

6.5 Borrower Acknowledgment and Waiver. By its initials below, Borrower expressly waives any right under California Civil Code Section 2954.10 or otherwise to prepay the Loan except on the express terms set forth above. Borrower agrees to pay the Prepayment Fee even if the Prepayment is due to Issuer's acceleration of the Note by reason of a default by Borrower, by reason of any transfer giving Issuer the right to accelerate the maturity of this Note pursuant to the terms of the Deed of Trust or otherwise pursuant to Issuer's rights and remedies under the Loan Agreement. Borrower acknowledges that prepayment of the Loan may result in Issuer incurring additional losses, costs, expenses, and liabilities, including, but not limited, loss revenue and loss profits. Borrower agrees that the Prepayment Fee represents a reasonable estimate of the prepayment losses, costs, expenses, and liabilities Issuer may suffer on a prepayment. Borrower also acknowledges and agrees that Issuer's willingness to offer a fixed interest rate to Borrower is sufficient and independent consideration for this waiver. Borrower understands that Issuer would not offer a fixed interest rate to Borrower absent this waiver.

Borrower's Initials: _____

Borrower's Initials: _____

[Remainder of Page Intentionally Left Blank]

7. Late Payments; Default Rate.

7.1 Late Charge for Overdue Payments. If Issuer has not received the full amount of any payment scheduled to be made under this Note, other than the final principal payment, by the end of ten (10) calendar days after the date it is due, Borrower shall pay a late charge to Issuer in the amount of five percent (5%) of the overdue payment; provided, however, in no event shall any late charge be payable hereunder without Issuer first having provided Borrower with any notice required by applicable law. Borrower shall pay this late charge only once on any late payment. This late charge shall not be construed as in any way extending the due date of any payment, and is in addition to (and not in lieu of) any other remedy Issuer may have.

7.2 Default Rate. Upon the occurrence of any Event of Default (subject to any applicable notice and cure periods), the Loan shall bear interest at the rate which is five percent (5%) above the current Note Rate (the "**Default Rate**"). Additionally, from and after the Initial Maturity Date, or the First Extended Initial Maturity Date or Second Extended Initial Maturity Date, as applicable, or the Final Extended Maturity Date if applicable, or such earlier date as all sums owing on this Note become due and payable by acceleration or otherwise, the Loan shall bear interest at the Default Rate. Accrued interest, at the Note Rate, if not paid when due, shall accrue interest at the Default Rate, as hereinabove provided, which may result in compounding of interest. Except as otherwise set forth herein or in any other Loan Document, payments under this Note or under any other Loan Document that are due on demand, shall bear interest at the Default Rate (i) from the date costs or expenses are incurred by Issuer that give rise to the demand or (ii) if there is no such date, then from the date of demand, until Borrower pays the full amount of such payment, including interest.

8. Events of Default. If any of the following "**Events of Default**" occur, any obligation of the holder to make advances under this Note terminates and, at the holder's option, exercisable in its sole and absolute discretion, all sums of principal and interest under this Note immediately become due and payable without notice of default, presentment, demand for payment, protest, or notice of nonpayment or dishonor, or other notices or demands of any kind or character:

8.1 Borrower fails to perform any obligation under this Note to pay principal or interest and does not cure that failure within five (5) days after the date when due; or

8.2 Borrower fails to perform any other obligation under this Note to pay money, and does not cure that failure within ten (10) days after written notice from Issuer; or

8.3 Under any of the Loan Documents, a default or Event of Default (as defined in the applicable document subject to applicable notice and cure periods) occurs, except as provided in **Section 9** below.

Issuer agrees to provide notice of an Event of Default to the Investor Limited Partner at the address set forth in Section 8.3 of the Construction Disbursement Agreement and Issuer hereby agrees that any cure of any default or Event of Default made or tendered by Investor Limited Partner shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower. Nothing herein shall operate to (A) allow Borrower to cure an Incurable Event of Default (as defined in the Loan Agreement) (other than cure by the Investor Limited Partner by removal and replacement of such General Partner as provided above), (B) extend the time for Borrower to cure any default or Event of Default, (C) delay or limit Majority Owner's right or remedies hereunder or under any Loan Document (except as specifically provided therein), or (D) extend the notice and cure rights of Investor Limited Partner contained **Section 8.3** of the Construction Disbursement Agreement.

9. Insolvency. It is an "Event of Default" under this Note if Borrower becomes the subject of any bankruptcy or other voluntary or involuntary proceeding, in or out of court, for the adjustment of debtor-creditor relationships ("**Insolvency Proceeding**"), and as to any involuntary Insolvency Proceeding, it either: (i) is consented to or (ii) has not been dismissed within ninety (90) days. Upon such an Event of Default, all sums of principal and interest under this Note automatically become immediately due and

payable without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character. If Borrower becomes the subject of any Insolvency Proceeding, any obligation of the holder to make advances under this Note shall automatically terminate, and in the case of an involuntary Insolvency Proceeding which is dismissed within ninety (90) days, the holder's obligation to make advances under this Note shall resume upon the dismissal thereof.

10. Miscellaneous.

10.1 Waivers. Borrower hereby waives presentment, demand, notice of dishonor, notice of default or delinquency, notice of acceleration, notice of nonpayment, notice of costs, expenses, or losses and interest thereon; and notice of interest on interest and late charges.

10.2 Delay In Enforcement. If Issuer delays in exercising or fails to exercise any of its rights under this Note, that delay or failure does not constitute a waiver of any of Issuer's rights, or of any breach, default or failure of condition of or under this Note. No waiver by Issuer of any of its rights, or of any breach, default or failure of condition is effective, unless the waiver is expressly stated in writing by Issuer.

10.3 Joint and Several Liability. If more than one person or entity is signing this Note as Borrower, their obligations under this Note shall be joint and several. As to any Borrower that is a partnership, the obligations of Borrower under this Note are the joint and several obligations of each general partner thereof.

10.4 Heirs, Successors, and Assigns; Participations. This Note inures to and binds the heirs, legal representatives, successors and assigns of Borrower and Issuer; provided, however, Borrower may not assign this Note or any Loan funds, or assign or delegate any of its rights or obligations, without the prior written consent of Issuer in each instance, which consent is at the sole and absolute discretion of Issuer. Issuer, in its sole and absolute discretion, may transfer this Note, and may sell or assign participations or other interests in all or part of the Loan, on the terms and subject to the conditions of the Loan Documents, all without notice to or the consent of Borrower. Without notice to or the consent of Borrower, Issuer, its successors and assigns, may disclose to any actual or prospective purchaser of any securities issued or to be issued by Issuer or its affiliates, and to any actual or prospective purchaser or assignee of any participation or other interest in this Note, the Loan, or any other loans made by Issuer or Majority Owner to Borrower (whether evidenced by this Note or otherwise), any financial or other information, data or material in Issuer's possession relating to Borrower, the Loan, or the Property, including any improvements thereon. If Issuer so requests, Borrower shall sign and deliver a new note, in the form and substance of this Note, to be issued in exchange for this Note.

10.5 Cumulative Remedies. All of Issuer's remedies in connection with this Note or under applicable law are cumulative, and Issuer's exercise of any one or more of those remedies shall not constitute an election of remedies.

10.6 Governing Law. This Note shall be governed by, and construed in accordance with, the laws of the State of California, without regard to the choice of law rules of that State, except to the extent that any of such laws may now or hereafter be preempted by Federal law. Borrower consents to the jurisdiction of any Federal or State court within the State of California, submits to venue in such state, and also consents to service of process by any means authorized by Federal law or the law of such state. Without limiting the generality of the foregoing, Borrower hereby waives and agrees not to assert by way of motion, defense, or otherwise in such suit, action, or proceeding, any claim that (i) Borrower is not subject to the jurisdiction of the courts of the above-referenced state or the United States District Court for such state, or (ii) such suit, action, or proceeding is brought in an inconvenient forum, or (iii) the venue of such suit, action, or proceeding is improper.

10.7 Attorney's Fees and Costs. In any lawsuit, reference, or arbitration arising out of or relating to this Note, the Loan Documents or the Loan, the prevailing party will be entitled to recover from

each other party such sums as the court, referee, or arbitrator adjudges to be reasonable attorneys' fees in the action, reference, or arbitration, in addition to costs and expenses otherwise allowed by law. In all other actions or proceedings, including any matter arising out of or relating to any Insolvency Proceeding, Borrower agrees to pay all of Issuer's costs and expenses, including reasonable attorneys' fees, incurred in enforcing or protecting Issuer's rights or interests. From the time(s) incurred until paid in full to Issuer, all such sums shall bear interest at the Default Rate.

10.8 In-House Counsel Fees. Whenever Borrower is obligated to pay or reimburse Issuer for any attorneys' fees, those fees shall include the allocated costs for services of in-house counsel.

10.9 Holder's Rights. Borrower agrees that the holder of this Note may accept additional or substitute security for this Note, or release any security or any party liable for this Note, or extend or renew this Note, all without notice to Borrower and without affecting the liability of Borrower.

10.10 Interpretation. As used in this Note, the terms "Issuer," "holder" and "holder of this Note" are interchangeable. As used in this Note, the word "include(s)" means "include(s), without limitation," and the word "including" means "including, but not limited to."

10.11 Time of the Essence. Time is of the essence with regard to all payment obligations under this Note.

10.12 Amendments. This Note may not be modified or amended except by a written agreement signed by the parties.

10.13 Counterparts. This Note may be executed in counterparts, and all counterparts constitute but one and the same document.

10.14 Intentionally Omitted.

11. Limited Recourse.

11.1 Limited Recourse. Subject to the provisions of this [Section 11](#), notwithstanding anything elsewhere in this Note to the contrary, during the Term Loan Period (as such term is defined in the Loan Agreement), Issuer agrees that Borrower's liability under this Note shall only extend to the Property and other collateral given to secure the Loan, and Issuer shall not (i) seek nor obtain judgment against Borrower, or any general partner of Borrower, or (ii) enforce such liability against any other asset, property, or funds of Borrower, or any general partner of Borrower, for payment of principal or interest under this Note following a judicial foreclosure (or to the extent permitted by law, a non judicial foreclosure) of the Deed of Trust. Issuer acknowledges that its sole recourse against Borrower, or any general partner of Borrower, for any default in such obligations is limited to Borrower's, and any general partner's, interest (if any) in the Property and/or any other collateral for the Loan.

11.2 Exclusion for Delay in Enforcement of Issuer's Rights. The limitation of liability granted under this [Section 11](#) above will be deemed void and have no force or effect if Borrower, or any general partner of Borrower, takes an action for the sole purpose of materially delaying any foreclosure by Issuer of the Deed of Trust or any other collateral for the Loan (an "**Enforcement Delay**"), or if Borrower, or any general partner of Borrower, claims that any Loan Document is invalid or unenforceable to an extent that would preclude foreclosure or affect or impair Issuer's rights and remedies thereunder. For purposes hereof, Borrower's, or any general partner of Borrower's, voluntary action, without the prior written consent of Issuer, to cause, allow, or file a bankruptcy proceeding against Borrower is deemed to be an Enforcement Delay.

11.3 Exceptions to Limited Recourse Under Note. Notwithstanding anything in this [Section 11](#) to the contrary, Borrower, and any general partner of Borrower, shall be liable for each and all of

the foregoing (each, a "**Limited Recourse Exception**", and collectively, the "**Limited Recourse Exceptions**"):

(a) Any fraud or intentional misrepresentation or omission, or other causes of action, that are independent of liability under the Loan Documents.

(b) Any waste or intentional destruction of any of the collateral securing the Loan.

(c) All insurance proceeds, condemnation awards, or other sums or payments attributable to the Property not applied in accordance with the terms of the Loan Documents, except to the extent that such sums were not applied in accordance with the terms of the Loan Documents solely because Borrower did not have the legal right to so apply such sums because of a bankruptcy, receivership, or similar judicial proceeding.

(d) All rents, lease payments, profits, issues, products and other income from the Property received by or on behalf of Borrower or any guarantor following any Event of Default (as such term is defined in the Loan Agreement) and not applied in accordance with the terms of the Loan Documents, except to the extent that such sums were not applied in accordance with the terms of the Loan Documents solely because Borrower or any guarantor (if applicable) did not have the legal right to so apply such sums because of a bankruptcy, receivership, or similar judicial proceeding.

(e) Any liability arising under or pursuant to the Borrower's Indemnity (as such term is defined in the Loan Agreement).

11.4 No Impairment of Issuer's Rights. Except for the liability of Borrower, and any general partner of Borrower, under this Note, this [Section 11](#) shall in no way affect or impair Issuer's rights and remedies under the Loan Documents as against Borrower or any guarantor, or any other person whatsoever under the Loan, including without limitation, Issuer's rights against the collateral securing the Loan, including any trustee's sale or foreclosure of the Deed of Trust. Borrower understands, acknowledges, and agrees that the limitation of liability set forth in this [Section 11](#) does not prejudice or affect Issuer's right to do any or all of the following:

(a) Name Borrower, or any general partner of Borrower, as a party defendant in any action, proceeding, reference, or arbitration, subject to the limitations of this Section.

(b) Assert any unpaid amounts on the Loan as a defense or offset to or against any claim or cause of action made or alleged against Issuer by Borrower, or any general partner of Borrower, any guarantor, or any other party in connection with the Loan.

(c) Exercise self-help remedies such as setoff or nonjudicial foreclosure against or sale of any real or personal property collateral or security.

(d) Collect or recover rents, insurance proceeds, amounts payable under surety bonds or letters of credit, condemnation or any other awards arising out of any public action, or any damages or awards arising out of any damage or injury to, or decrease in value of, all or part of the collateral for the Loan.

(e) Collect or recover an amount from Borrower, or any general partner of Borrower, equal to any rents or other sums that are not applied as required by the Loan Documents after an Event of Default has occurred and while it is continuing.

(f) Enforce and collect or recover all sums owing under any indemnity by Borrower, or any general partner of Borrower, or by any other party, any guaranties, completion agreements, other agreements, and any similar rights to payment and performance that have been or may be executed or

that have been or may be granted by Borrower, or any general partner of Borrower, or any other party in connection with the Loan.

(g) Enforce any and all obligations under the Loan Documents relating to preserving the condition of the Property or the priority of Issuer's interest in the Property, including obligations to pay all taxes and charges that may affect or become a lien on the Property, to maintain the Property and all insurance in accordance with the Loan Documents and to repay all sums advanced by Issuer for any such purposes.

(h) Enforce any agreement of Borrower, or any general partner of Borrower, any guarantor, or any other party (other than the Loan Documents) specifically stating that it is not subject to the limitation of liability contained in this Section.

(i) Recover any expenses, damages or costs, including attorneys' fees (including the allocated costs for services of in-house counsel), that Issuer may incur because of any fraud, willful misrepresentation, misapplication of funds, or waste or intentional damage of or to any collateral for the Loan.

(j) Enforce any indemnity or other obligation of Borrower, any general partner of Borrower, or any other party, arising from or in connection with Issuer's issuance or performance of, or under any set aside letter, or the enforcement of any set aside letter against Issuer.

(k) Pursue Issuer's rights and remedies available at law or in equity, as against Borrower, any general partner of Borrower, any guarantor, or any other person, whether arising by contract, in tort, or otherwise, for any fraud, intentional misrepresentation or omission, waste or intentional destruction of any of the collateral securing the Loan, wrongful appropriation of insurance or condemnation proceeds, rents, lease payments or other income, conversion of sums which Issuer is entitled to, or any other claims or causes of action.

11.5 No Impairment; No Waiver. Nothing contained in this Section impairs the validity of any Loan Document or any lien or security interest created or perfected by it. Nothing herein shall be deemed to be a waiver of any right which Issuer may have under Sections 506(a), 506(b), 1111(b) or any other provisions of the U.S. Bankruptcy Code to file a claim for the full amount of the debt secured by the Deed of Trust, including the full face amount of this Note, or to require that all of the Property and other collateral given to secure the Loan shall continue to secure the Loan.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Borrower has duly executed and delivered this Note to Issuer as of the date first above written.

BORROWER:

MACEO MAY APTS, L.P.,
a California limited partnership

By: CCDC-Maceo May Apts LLC,
a California limited liability company,
its co-general partner

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

By: _____
Norman Fong
Executive Director

By: Swords-Maceo May Apts LLC,
a California limited liability company,
its co-general partner

By: Swords to Plowshares: Veterans Rights Organization,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Michael Blecker
Executive Director

EXHIBIT C

PROJECT APPROVALS TO BE OBTAINED

NONE

EXHIBIT D
FORM OF APPROVED RESIDENTIAL LEASE

[TO BE ATTACHED]

EXHIBIT E
[RESERVED]

EXHIBIT F

FORM OF MONTHLY LEASE UP REPORT

MOVE IN DATABASE

Building #	Apt. #	# of BR's	# of BA's	Set-Aside	Security Deposit	Lease Rent	Certified or Move in Date	Lease Expiration	Total Value of Concessions	Description of Concession	Concession Given at Move In (Y/N)

MOVE OUT DATABASE

Building #	Apt. #	# of BR's	# of BA's	Set-Aside	Total Security Deposit	Security Deposit to Tenant	Lease Rent	Move Out Date	Certified or Move in Date	Lease (enter an "x")			
										Skip	Evicted	Expired	Other

EXHIBIT G

RESERVED

EXHIBIT H

CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS

The following provisions shall apply to this Loan Agreement as if set forth in the body thereof. Capitalized terms used but not defined in this Exhibit H shall have the meanings given in the Loan Agreement. As used herein, the Borrower shall be known as the “Obligated Party”.

1. Nondiscrimination; Penalties.

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

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

(c) Condition to Contract. As a condition to the Indenture, the Obligated Party shall execute the “Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits” form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

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

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

4. Alcohol and Drug-Free Workplace. The City reserves the right to deny access to, or require the Obligated Party to remove from, City facilities personnel of such Obligated Party

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

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

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

7. Limitations on Contributions. By executing this Agreement, the Obligated Party acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. The prohibition on contributions applies to each prospective party to the contract; each member of the Obligated Party's board of directors; the Obligated Party's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in such Obligated Party; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by such Obligated Party. The Obligated Party must inform each such person of the limitation on contributions imposed by Section 1.126 and provide the names of the persons required to be informed to City.

8. Requiring Minimum Compensation for Covered Employees. The Obligated Party shall pay covered employees no less than the minimum compensation required by San Francisco Administrative Code Chapter 12P. The Obligated Party is subject to the enforcement and penalty provisions in Chapter 12P. By entering into this Indenture, the Obligated Party certifies that it is in compliance with Chapter 12P.

9. Requiring Health Benefits for Covered Employees. The Obligated Party shall comply with San Francisco Administrative Code Chapter 12Q. The Obligated Party shall choose and perform one of the Health Care Accountability options set forth in San Francisco Administrative Code Chapter 12Q.3. The Obligated Party is subject to the enforcement and penalty provisions in Chapter 12Q.

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

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

In the performance of services provided under the Indenture, the Obligated Party may have access to the City’s proprietary or confidential information, the disclosure of which to third parties may damage the City. If the City discloses proprietary or confidential information to the Obligated Party, such information must be held by such Obligated Party in confidence and used only in performing the Indenture. The Obligated Party shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary or confidential information.

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

The requirements of Chapter 12T shall only apply to the Obligated Party’s operations to the extent those operations are in furtherance of the performance of this Indenture, shall apply only to applicants and employees who would be or are performing work in furtherance of this Indenture, and shall apply when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco which excludes City property. Chapter 12T shall not apply when the application in a particular context

would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

13. Reserved.

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

15. Conflict of Interest. By entering into the Indenture, the Obligated Party certifies that it does not know of any fact which constitutes a violation of Section 15.103 of the City's Charter; Article III, Chapter 2 of City's Campaign and Governmental Conduct Code; Title 9, Chapter 7 of the California Government Code (Section 87100 et seq.), or Title 1, Division 4, Chapter 1, Article 4 of the California Government Code (Section 1090 et seq.), and further agrees promptly to notify the City if it becomes aware of any such fact during the term of this Indenture.

16. Assignment. The services provided under the Indenture to be performed by the Obligated Party are personal in character and neither this Indenture nor any duties or obligations may be assigned or delegated by the Obligated Party unless first approved by the City by written instrument executed and approved in the same manner as this Indenture. Any purported assignment made in violation of this provision shall be null and void.

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

18. Cooperative Drafting. This Indenture has been drafted through a cooperative effort of the City and the Obligated Party, and all parties have had an opportunity to have the Indenture reviewed and revised by legal counsel. No party shall be considered the drafter of this Indenture, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Indenture.

19. Laws Incorporated by Reference. The full text of the laws listed in this Exhibit, including enforcement and penalty provisions, are incorporated into this Indenture by reference.

The full text of the San Francisco Municipal Code provisions incorporated by reference in this Exhibit are available at www.sfgov.org under “Open Gov.”

20. Sugar-Sweetened Beverage Prohibition. The Obligated Party agrees that it will not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by San Francisco Administrative Code Chapter 101, as part of its performance of this Indenture.

21. First Source Hiring Program. The Obligated Party must comply with all of the provisions of the First Source Hiring Program, Chapter 83 of the San Francisco Administrative Code, that apply to this Indenture, and the Obligated Party is subject to the enforcement and penalty provisions in Chapter 83.

Section 1. 22. Prevailing Wages. Obligated Party understands and agrees that all provisions of Section 1770, et seq., of the California Labor Code are required to be incorporated into every contract for any public work or improvement and are hereby incorporated into this Indenture. Obligated Party also understands and agrees that all provisions of Sections 6.22E and 6.22F of the San Francisco Administrative Code are hereby incorporated into this Indenture. Obligated Party also understands and agrees that all applicable provisions of the Davis-Bacon Act (40 U.S.C. §§3141 et seq.) are hereby incorporated into this Indenture.