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## LOAN AGREEMENT

By and Among

CITY AND COUNTY OF SAN FRANCISCO, as Issuer

RELATED/MARIPOSA DEVELOPMENT CO., LP, as Borrower

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated as of July 1, 2017

The interest of the City and County of San Francisco (the "Issuer") in this Loan Agreement will, with certain exceptions relating to the right to reports, fees, indemnification and enforcement, be assigned to U.S. Bank National Association, as trustee under an Indenture of Trust, dated as of July 1, 2017, between the Issuer and said Trustee in connection with the issuance of the following bonds:

\$216,575,000  
City and County of San Francisco  
Variable Rate Multifamily Housing Revenue Bonds  
(1601 Mariposa Apartments),  
2017 Series B

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## LOAN AGREEMENT

THIS LOAN AGREEMENT (the "Loan Agreement"), dated as of July 1, 2017, is by and among the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation organized and existing under the laws of the State of California (the "Issuer"), RELATED/MARIPOSA DEVELOPMENT CO., LP, a Delaware limited partnership, as borrower (the "Borrower"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association, as trustee (the "Trustee").

### WITNESSETH:

WHEREAS, the Issuer is authorized by the Charter of the City and County of San Francisco, Article I of Chapter 43 of the Administrative Code of the City and County of San Francisco Municipal Code and Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, each as amended (collectively, the "Act"), to assist in the financing of multifamily housing projects in the territorial jurisdiction of the Issuer; and

WHEREAS, the Act authorizes the Issuer: (a) to issue its revenue bonds and to pay all incidental expenses incurred in connection with the issuance of such bonds; (b) to use bond proceeds to make mortgage loans used to finance multifamily housing projects; (c) to enter into agreements for the purpose of providing revenue to pay the bonds authorized to be issued under the Act upon such terms and conditions as the Issuer deems advisable; and (d) to secure the payment of the principal of, premium, if any, and interest on such bonds as provided in the Act; and

WHEREAS, the Issuer wishes to make a mortgage loan (the "Mortgage Loan") to the Borrower, to finance the acquisition and construction of a 299-unit multifamily rental housing facility located at 1601 and 1677 Mariposa Street, 485-497 Carolina Street, 395 and 420 Wisconsin Street and 210 Arkansas Street in San Francisco, California (the "Project"), all as more fully described in Exhibit A attached hereto; and

WHEREAS, to finance the Mortgage Loan, the Issuer has determined to issue, sell and deliver the City and County of San Francisco Variable Rate Multifamily Housing Revenue Bonds (1601 Mariposa Apartments), 2017 Series B, in the principal amount of \$216,575,000 (the "Bonds"), consisting of three subseries, including 2017 Series B-1, in the principal amount of \$126,635,000 (the "Series B-1 Bonds"), 2017 Series B-2, in the principal amount of \$69,940,000 (the "Series B-2 Bonds"), and 2017 Series B-3 (Taxable), in the principal amount of \$20,000,000 (the "Series B-3 Bonds"); and

WHEREAS, each Subseries of the Bonds will be issued pursuant to a single Indenture of Trust, of even date herewith (the "Indenture"), by and between the Issuer and the Trustee, and will be secured and supported by: (a) a promissory note to evidence the principal amount of the Mortgage Loan originated pursuant to this Loan Agreement; (b) a pledge of the Revenues derived by the Issuer pursuant to the Mortgage Loan; (c) the Deed of Trust, as defined in the Indenture; and (d) a letter of credit for one or more of such Subseries (each, a "Letter of Credit") issued by Bank of America, N.A. (the "Bank") and delivered to the Trustee; and

WHEREAS, the Issuer proposes to originate the Mortgage Loan to the Borrower, and the Borrower desires to borrow funds to finance the Project and certain incidental costs upon the terms and conditions set forth herein; and

WHEREAS, the Project is to be occupied in part by individuals or families of low or very low income; and

WHEREAS, the Issuer and the Borrower have executed and delivered a Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement"), pursuant to which the Borrower has agreed to use and operate the Project in accordance with requirements of the Act, the Code and the Issuer.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and undertakings set forth herein, the parties hereto agree as follows:

## ARTICLE I DEFINITIONS AND INTERPRETATION

Section 1.1. Definitions. Capitalized terms used herein but not defined have the meanings set forth in Article I of the Indenture. The following words and terms as used in this Loan Agreement have the following meanings unless the context or use otherwise requires:

"Borrower Representative" means the person or persons at the time designated by the Borrower to act on behalf of the Borrower by written certificate furnished to the Issuer, the Credit Provider and the Trustee containing the specimen signatures of such person or persons and signed on behalf of the Borrower by one of the Borrower's principals. Such certificate may designate an alternate or alternates.

"Event of Default" means any of the events described as an event of default in Section 7.1 hereof.

"Funding Requisition" means the requisition form requesting disbursement of moneys from the Mortgage Loan Fund substantially in the form attached hereto as Exhibit B.

"Loan Agreement" means this Loan Agreement, dated as of July 1, 2017, by and among the Issuer, the Borrower and the Trustee, as amended and supplemented from time to time.

"Transfer" means the sale, transfer, lease, encumbrance or other conveyance of title to ownership of or an interest in the Project or any portion thereof, including to a "related person" pursuant to the provisions of Section 267 or 707(b) or under Section 1563(a) of the Code.

"Transferee" means the person to whom the Borrower Transfers the Project or any portion thereof.

Such capitalized terms as are not defined herein shall have the meanings assigned to them in the Indenture.

Section 1.2. Interpretation. Unless the context clearly requires otherwise, words of masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Loan Agreement and all the terms and provisions hereof shall be construed to effectuate the purpose set forth herein and to sustain the validity hereof.

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

## ARTICLE II REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the Issuer. The Issuer represents and warrants as follows:

(a) The Issuer is a municipal corporation, organized and existing under the laws of the State of California, and duly authorized to issue the Bonds and to perform its obligations under this Loan Agreement.

(b) This Loan Agreement, when duly accepted and executed by the Issuer and the other parties hereto, will constitute the legal, valid and binding obligation of the Issuer enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws or judicial decisions affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) No litigation is pending or, to the best of the Issuer's knowledge, threatened against the Issuer that would prohibit its entering into this Loan Agreement or consummating the transactions contemplated hereby.

(d) The Issuer shall use its best efforts to issue the Bonds and shall use the proceeds thereof to make the Mortgage Loan subject to the provisions of this Loan Agreement. Nothing in this Loan Agreement shall be construed as requiring the Issuer to provide construction financing or requiring the Issuer to provide sufficient moneys for all the construction and permanent financing needs of the Project.

(e) The Trustee, in its name or in the name of the Issuer, may, for and on behalf of the Bondowners, enforce all rights of the Issuer and all obligations of the Borrower under and pursuant to this Loan Agreement and the other Mortgage Loan Documents (other than Unassigned Rights), whether or not the Issuer has pursued or attempted to enforce any of such rights and obligations.

(f) There is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending against the Issuer or, to the best knowledge of the Issuer, threatened against the Issuer that (i) affects or seeks to prohibit, restrain or enjoin the issuance of the Bonds, or the execution and delivery of the Bonds or the loaning of the proceeds of the Bonds to the Borrower, or the execution and delivery of the Indenture, any Letter of Credit or the Mortgage Loan Documents, (ii) affects or questions the validity or enforceability of the Bonds, the Indenture, any Letter of Credit or the Mortgage Loan Documents, or (iii) questions the tax-exempt status of the Tax-Exempt Bonds.

(g) The Issuer, by resolution duly adopted, has duly authorized the sale, issuance, execution and delivery of the Bonds, the execution and delivery of this Loan Agreement, the Indenture, the Bond Purchase Agreement, the Regulatory Agreement, the Remarketing Agreement and the Tax Certificate and the performance of its obligations hereunder and thereunder.

(h) To the best knowledge of the Issuer, the execution and delivery of this Loan Agreement, the Indenture, the Bond Purchase Agreement, the Regulatory Agreement, the Remarketing Agreement and the Tax Certificate, the performance by the Issuer of its obligations hereunder and thereunder, and the consummation of the transactions contemplated hereby and thereby do not and will not violate any law, regulation, rule or ordinance or any order, judgment or decree of any federal, state or local court, and do not and will not conflict with or constitute a material breach of, or a material default under any constitutional provision or statute of the state or of any document, instrument or commitment to which the Issuer is a party or by which the Issuer or any of its property is bound.

Section 2.2. General Representations, Warranties and Covenants of the Borrower.  
The Borrower represents, as of the date hereof, and warrants and covenants that:

(a) The Borrower has full legal right, power and authority under its organizational documents and the laws of the State of Delaware and the State of California, and has due authorization (A) to enter into the Mortgage Loan Documents, (B) to be bound by the terms of the Indenture to the extent that they apply to the Mortgage Loan, (C) to perform its obligations under the Mortgage Loan Documents, and (D) to consummate the transactions contemplated by the Mortgage Loan Documents.

(b) The Borrower has duly authorized (A) the execution and delivery of the Mortgage Loan Documents, (B) the performance by the Borrower of its obligations hereunder and thereunder, and (C) the consummation of the transactions contemplated by the Mortgage Loan Documents.

(c) The Mortgage Loan Documents have been duly executed and delivered by the Borrower and each constitutes a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws or judicial decisions affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) To the best knowledge of the Borrower, the execution and delivery of the Mortgage Loan Documents, the performance by the Borrower of its obligations hereunder and thereunder, and the consummation of the transactions contemplated hereby and thereby to be performed by the Borrower do not and will not violate any law, regulation, rule or ordinance or any order, judgment or decree of any federal, state or local court, and do not and will not conflict with or constitute a material breach of, or a material default under, the Borrower's organizational documents or any document, instrument or commitment to which the Borrower is a party or by which the Borrower or any of its property is bound.

(e) There is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending against the Borrower or, to the best knowledge of the Borrower, threatened against the Borrower which (A) affects or seeks to prohibit, restrain or enjoin the issuance, sale or delivery of the Bonds or the loaning of the

proceeds of the Bonds to the Borrower, or the execution and delivery of the Indenture, any Letter of Credit, the Mortgage Loan Documents or the Reimbursement Agreement; (B) affects or questions the validity or enforceability of the Bonds, the Indenture, the Reimbursement Agreement, any Letter of Credit, or the Mortgage Loan Documents; (C) questions the tax-exempt status of the Tax-Exempt Bonds; or (D) questions the power or authority of the Borrower to carry out the transactions contemplated by, or to perform its obligations contemplated by, or to perform its obligations under the Reimbursement Agreement or the Mortgage Loan Documents, or the powers of the Borrower to own, operate or lease the Project Facilities.

(f) The Borrower is not in material default under any document, instrument or commitment to which the Borrower is a party or to which it or any of its property is subject which default would or could materially adversely affect the ability of the Borrower to carry out its obligations under the Mortgage Loan Documents or the Reimbursement Agreement.

(g) Any certificate signed by a Borrower Representative and delivered pursuant to the Mortgage Loan Documents, the Reimbursement Agreement or the Indenture shall be deemed a representation and warranty by the Borrower as to the statements made therein.

(h) Concurrently with the execution of this Agreement and the Reimbursement Agreement, the Borrower will cause to be delivered to the Trustee, for the benefit of the owners of the Bonds, the Letters of Credit.

(i) In the event the Mortgage Loan proceeds are not sufficient to complete the Project, the Borrower will furnish any additional moneys from sources other than the Mortgage Loan in amounts necessary to complete the Project in accordance with the Reimbursement Agreement.

(j) The Indenture has been submitted to the Borrower for its examination, and the Borrower acknowledges, by execution of this Agreement, that it will be bound by the terms thereof to the extent applicable to the Borrower.

(k) None of the portions of the official statement with respect to the Borrower or the Project under the headings "THE PROJECT AND THE BORROWER," "ESTIMATED SOURCES AND USES OF FUNDS" and "ABSENCE OF MATERIAL LITIGATION - The Borrower," or any other document, certificate or statement (including but not limited to information and estimates with respect to the Project) furnished to the Bank, the Issuer or Bond Counsel by or on behalf of the Borrower, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein not misleading or incomplete as of the date hereof and as of Bond Closing. It is specifically understood by the Borrower that all such statements, representations and warranties and the statements, representations and warranties with respect to the Borrower and the Project in the Mortgage Loan Documents shall be deemed to have been relied upon by the Issuer as an inducement to make the Mortgage Loan, and by the Bank as an inducement to the Bank to issue the Letters of Credit, and that if any such statements, representations and warranties were materially incorrect at the time they were made or as of Bond Closing, the Issuer may consider any such misrepresentation or breach an Event of Default hereunder.

(m) The Borrower acknowledges that the obligation of the Issuer hereunder to issue Bonds to finance the Project does not in any way constitute a representation, warranty, guaranty, advice or suggestion by the Issuer as to the feasibility or viability of the Project, and may not be relied on as such by any investor, tenant, lender, or other person, for any reason.



(n) The Borrower has no present intention to (A) change the use of the Project or (B) sell, transfer or lease any part of the Project, other than (i) the leasing of an air rights parcel containing sixty (60) affordable residential rental units plus one (1) manager's unit, and appurtenant property, to a low-income housing tax credit partnership, and the further leasing of such rental units to qualifying tenants, (ii) the leasing of the remaining residential rental units to other tenants, and (iii) leasing approximately 9,439 square feet of commercial space in the Project.

(o) The members of the Borrower approved the financing of the Project with proceeds of the Bonds by resolution or similar action adopted prior to the date of the Bond Purchase Agreement.

(p) Notwithstanding any provision to the contrary contained in its organizational documents, the Borrower shall admit individuals to the Project without regard to race, sex, national origin or religious belief and shall respect, permit and not interfere with the religious beliefs of persons using the Project. Except to the extent permitted by the constitution, statutes and laws of the United States and the State, the Borrower further agrees that it will not use or permit the use of the Project as a place of religious worship or sectarian instruction.

(q) There are no liens or encumbrances against the revenues pledged under the Mortgage Note other than liens and encumbrances permitted under the Mortgage Loan Documents.

Section 2.3. Representations, Warranties and Covenants of the Borrower as to Certain Federal Tax Matters.

(a) Taking into account the issue price (as defined in Section 1273 of the Code) of the various stated maturities of the Tax-Exempt Bonds, the average term of the Tax-Exempt Bonds does not exceed 120% of the average reasonably expected economic life of the Project to be financed by such Bonds, weighted in proportion to the respective cost of each item comprising the property the cost of which has been or will be financed, directly or indirectly, with the Net Proceeds of such Bonds. For purposes of the preceding sentence, the reasonably expected economic life of property shall be determined as of the later of (i) the Closing Date for the Tax-Exempt Bonds or (ii) the date on which such property is placed in service (or expected to be placed in service). In addition, land shall not be taken into account in determining the reasonably expected economic life of property, except that, in the event 25% or more of the collective Net Proceeds of such Bonds, directly or indirectly, have been expended for land, such land shall be treated as having an economic life of 30 years and shall be taken into account for purposes of determining the reasonably expected economic life of such property.

(b) All of the documents, instruments and written information supplied by or on behalf of the Borrower, which have been reasonably relied upon by Bond Counsel in rendering its opinion with respect to the exclusion from gross income of the interest on the Tax-Exempt Bonds for federal income tax purposes are true and correct in all material respects, do not contain any untrue statement of a material fact, and do not omit to state any material fact necessary to be stated therein to make the information provided therein, in light of the circumstances under which such information was provided, not misleading.

(c) Pursuant to the requirements of Treasury Regulation Section 1.148-1(b), the Borrower (or any related person contemplated by such regulations) will not purchase the Tax-Exempt Bonds in an amount related to the amount of the Loan.

(d) The Borrower is not currently under audit by the IRS, nor has the Borrower received any notice from the IRS that an audit is being considered.

Section 2.4. Representations and Warranties of the Trustee. The Trustee makes the following representations and warranties:

(a) The Trustee is a national banking association duly organized and validly existing under the laws of the United States. The Trustee is duly authorized to act as a fiduciary and to execute the trust created by the Indenture, and meets the qualifications to act as Trustee under the Indenture.

(b) The Trustee has all the corporate power and authority necessary (i) to execute and deliver the Indenture, the Bonds and the Mortgage Loan Documents to which it is a party (the "Trustee Documents"), (ii) to perform its obligations under the Trustee Documents, and (iii) to consummate the transactions contemplated by the Trustee Documents.

(c) The Trustee has taken all actions necessary to authorize (i) the execution and delivery of the Trustee Documents, (ii) the performance by the Trustee of its obligations under the Trustee Documents, and (iii) the actions of the Trustee contemplated by the Trustee Documents.

(d) The Trustee Documents have been duly executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding obligations of the Trustee, enforceable in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and by general principals of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(e) No approval, permit, consent, authorization or order of any court, governmental agency or public board or body not already obtained is required to be obtained by the Trustee as a prerequisite to (i) the execution and delivery of the Trustee Documents, (iii) the performance by the Trustee of its obligations under the Trustee Documents, or (iv) the consummation of the transactions contemplated by the Trustee Documents. The Trustee makes no representation or warranty relating to compliance with any federal or state securities law.

### ARTICLE III ISSUANCE OF THE BONDS

Section 3.1. Agreement to Issue Bonds and Originate Mortgage Loan. To provide funds for the Mortgage Loan, the Issuer agrees to sell the Bonds and cause them to be delivered to the initial purchasers thereof and deposit the proceeds thereof with the Trustee in accordance with Section 303 of the Indenture and to loan such amounts to the Borrower as evidenced herein and in the Mortgage Note. The Issuer hereby assigns the Mortgage Note to the Trustee in accordance with this Loan Agreement, and hereby agrees to execute and deliver such further endorsements or other instruments necessary or desirable to effectuate such assignment in the opinion of the Bank.

Section 3.2. Delivery of the Bonds and Closing of the Mortgage Loan. The delivery of the Bonds and the closing of the Mortgage Loan shall not occur until the following conditions, in addition to those set forth in the Indenture, are met:

(a) The Trustee shall have received the original executed Mortgage Note (with the assignment of the Mortgage Note by the Issuer to the Trustee), the executed original Letters of Credit and the executed original Bond Intercreditor Agreement, and shall have executed a receipt for the proceeds of the Bonds. The Trustee shall have received evidence that the Regulatory Agreement and the Deed of Trust have been recorded in such a manner that the Regulatory Agreement and the Deed of Trust run with the land and are binding on the Borrower and subsequent owners (subject to equitable remedies)

(b) The Trustee shall have received certified copies of the action taken by the Borrower authorizing all actions taken or to be taken in connection with each of the Mortgage Loan Documents.

(c) No Event of Default nor any event that with the passage of time or the giving of notice would constitute an Event of Default under the Mortgage Loan Documents shall have occurred.

(d) All legal matters incident to the transactions contemplated by the Mortgage Loan Documents shall be concluded to the reasonable satisfaction of Bond Counsel.

(e) All conditions precedent to the issuance of the Bonds contained in the Indenture and in the Bond Purchase Agreement shall be fulfilled to the reasonable satisfaction of Bond Counsel, and all funds needed for construction of the Project shall have been disbursed or provided for to the satisfaction of the Issuer.

(f) Bond Counsel shall have received and approved the executed Tax Certificate identifying the anticipated sources and uses of funds to construct the Project.

Section 3.3. Commitment to Execute the Mortgage Note and Pay Issuance Costs. The Borrower agrees to execute and deliver the Mortgage Note simultaneously with the execution of this Loan Agreement, and the Issuer and the Bank have reviewed the Mortgage Note and a form of the Deed of Trust. The Borrower acknowledges and agrees that (A) all of the proceeds of (i) the Tax-Exempt Bonds will be deposited by the Trustee into the Tax-Exempt Account of the Mortgage Loan Fund and the Costs of Issuance Fund, and (ii) the Taxable Bonds will be deposited by the Trustee into the Taxable Account of the Mortgage Loan Fund and the Cost of Issuance Fund, and (B) all amounts on deposit in the Mortgage Loan Fund will be disbursed by the Trustee in accordance with Section 4.2 hereof and Sections 304 and 305 of the Indenture.

Section 3.4. Limitation on Liability of Issuer. The Issuer shall not be obligated to pay the principal or Purchase Price of or interest, or premium, if any, on the Bonds, except from remarketing proceeds and Revenues, as defined in the Indenture.

Any obligation or liability of the Issuer created by or arising out of this Loan Agreement (including without limitation any liability created by or arising out of the representations, warranties or covenants set forth herein or otherwise) shall not impose a debt or pecuniary liability upon the Issuer or a charge upon its general credit, but shall be payable solely out of the Revenues. Neither the issuance of the Bonds nor the delivery of this Loan Agreement shall,

directly or indirectly or contingently, obligate the Issuer to make any appropriation for their payment. Nothing in the Bonds or in the Indenture or this Loan Agreement or the proceedings of the Issuer authorizing the Bonds or in the Act or in any other related document shall be construed to authorize the Issuer to create a debt of the Issuer within the meaning of any constitutional or statutory provision of the State of California. No breach of any pledge, obligation or agreement of the Issuer hereunder may impose any pecuniary liability upon the Issuer or any charge upon its general credit.

No official, officer, agent or employee of the Issuer shall be individually or personally liable for the payment of any principal, redemption price, purchase price 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 official, officer, agent or employee from the performance of any official duty provided by law or by this Loan Agreement.

Section 3.5. The Trustee. The Trustee shall act as specifically provided herein, in the Indenture and the Bond Intercreditor Agreement and may exercise such additional powers as are reasonably incidental hereto and thereto, all subject to its right to compensation, indemnification and reimbursement under this Loan Agreement and the Indenture. Any act required to be performed by the Issuer as herein provided shall be deemed taken if such act is performed by the Trustee, provided that the Trustee shall have no duty to perform such act unless such duty is expressly set forth as a duty of the Trustee in the Indenture or the Mortgage Loan Documents to which the Trustee is a party. The Trustee shall not be liable for any action taken or omitted to be taken by it hereunder or in connection herewith or in connection with the Mortgage Loan Documents, except for its negligence or willful misconduct. The Trustee may consult with legal counsel selected by it (the reasonable fees of which counsel shall be paid by the Borrower) and any action taken or suffered by it reasonably and in good faith in accordance with the opinion of such counsel shall be full justification and protection to it.

#### ARTICLE IV THE MORTGAGE LOAN

Section 4.1. Amount and Source of Mortgage Loan. The Issuer hereby agrees to fund to the Trustee for the account of the Borrower, and the Borrower hereby (a) accepts from the Issuer, upon the terms and conditions set forth herein and in the Indenture, the Mortgage Loan and (b) agrees to have the proceeds of the Mortgage Loan applied and disbursed in accordance with the provisions of this Loan Agreement and the Indenture and any other agreements governing disbursement. The Mortgage Loan shall be deemed made when the Trustee acknowledges receipt of the proceeds of the Bonds and satisfaction of the conditions specified in Section 3.2 hereof. The Issuer hereby assigns without recourse or warranty whatsoever the Mortgage Note to the Trustee, which accepts such assignment.

#### Section 4.2. Disbursement of Loan Proceeds.

(a) Funds in any account of the Mortgage Loan Fund shall be disbursed by the Trustee upon receipt of an original executed Funding Requisition, substantially in the form in Exhibit B hereto, executed by the Borrower Representative and received and approved by the Administrative Agent or any servicer designated, in accordance with the Reimbursement Agreements in respect of the Credit Facility for the Series B-1 Bonds and the Credit Facility for the Series B-2 Bonds and the Series B-3 Bonds, respectively, by the Administrative Agent or the applicable Credit Provider from time to time in a writing delivered to the Issuer, the Borrower

and the Trustee. Initially, the Administrative Agent shall service the Credit Facilities and there shall be no independent servicer. Such disbursements shall be limited in frequency to no more than one per calendar month. The Issuer and the Borrower acknowledge that the approval of the Bank or the Bank's servicer is subject to the terms and conditions of the Reimbursement Agreements so long as the Bank is not in default under the Letters of Credit.

(b) On the first regularly scheduled Interest Payment Date on or after July 1, 2020 (unless such date is extended by the written consent of the Issuer, and the Bank, the Trustee and the Issuer have received an opinion of Bond Counsel to the effect that such extension will not affect the tax exempt status of the Tax-Exempt Bonds), the Trustee shall transfer to the applicable Account of the Debt Service Fund the amount of funds allocable to such subseries of the Bonds remaining in the Mortgage Loan Fund on May 15, 2020 (or the 15th day of the second month preceding the month in which any extension of such prepayment date ends). The Mortgage Note will be prepaid in that amount on the first regularly scheduled Interest Payment Date on or after July 1, 2020 or any extension thereof pursuant to this paragraph. Upon the Bank's payment of a draw on a Letter of Credit to partially redeem Bonds, the Trustee shall deliver the unused Bond proceeds and interest earnings thereon to the Bank to reimburse the Bank for payment of such draw, and the amount of unused Bond proceeds shall be credited against the Borrower's obligations under the applicable Reimbursement Agreement. Unless there has been an extension of the redemption date as provided in this subsection, no Funding Requisition requesting a draw upon the Mortgage Loan Fund will be honored after May 15, 2020.

(c) The Borrower covenants and agrees that (i) it will cause all of the moneys disbursed from the Tax-Exempt Account of the Mortgage Loan Fund (including any investment earnings on such moneys) to be disbursed for Qualified Project Costs, (ii) it will cause all of the moneys disbursed from the Taxable Account of the Mortgage Loan Fund (including investment earnings on such moneys) to be disbursed for Qualified Project Costs or other costs of the Project, including without limitation Issuance Costs.

(d) Within one (1) Business Day of receipt of an original executed Funding Requisition, properly executed by the Borrower and the Bank or its servicer, the Trustee, subject to the availability of liquid funds, shall disburse moneys from the Mortgage Loan Fund in accordance with such Funding Requisition.

(e) The Borrower hereby agrees that funds deposited into its account for further disbursement to third parties pursuant to a Funding Requisition (requesting a draw upon the Mortgage Loan Fund) shall be paid to such third parties by check dated the date of such deposit or other customary money transfer method, and the Borrower agrees that it will not request disbursement of such funds unless it reasonably expects such funds will be disbursed from its account within five (5) Business Days of such deposit.

(f) Amounts held under the Indenture shall be invested in accordance with the terms thereof. The Borrower acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Borrower the right to receive brokerage confirmations of security transactions, the Borrower waives receipt of such confirmations. The Trustee shall furnish the Borrower periodic statements which include detail of all investment transactions made by the Trustee.

## ARTICLE V REPAYMENT OF THE MORTGAGE LOAN

Section 5.1. Mortgage Loan Repayment. The Mortgage Loan shall be evidenced by the Mortgage Note, which Mortgage Note shall be executed and delivered by the Borrower to the Trustee, as assignee of the Issuer. The Borrower consents to such assignment. The Borrower agrees to pay to the Trustee the principal of, premium (if any) and interest on the Mortgage Note at the times, in the manner and in the amount set forth therein. To cause moneys to be available for the payment of principal and Purchase Price of and interest on the Bonds at all times that principal, Purchase Price and interest shall become due and payable pursuant to this Loan Agreement and the Indenture, the Borrower has caused to be delivered to the Trustee the Letters of Credit; provided that the obligation to provide moneys for the Purchase Price of any Bonds shall be satisfied solely from the applicable Letter of Credit, an Alternate Credit Facility, the proceeds of remarketing of such Bonds or other Seasoned Funds, but shall not be a personal obligation of the Borrower. To secure its obligations to repay the Mortgage Note and its obligations under the Credit Agreements, the Borrower shall grant to the Administrative Agent, for the benefit of the Credit Provider and the Trustee, among others, a security interest in the Project upon acquisition thereof pursuant to the terms of the Deed of Trust. The Borrower hereby agrees to the exercise by the Administrative Agent, the Credit Provider (or its servicer on its behalf) and the Trustee of their respective rights and remedies, if any, under the Indenture, the Bond Intercreditor Agreement, the Deed of Trust, the Credit Agreements and the Credit Facilities, upon the occurrence of an Event of Default hereunder or thereunder, in accordance with their terms.

(a) Subject to the terms of the last paragraph of this Section 5.1(a), on each Interest Payment Date, the Borrower shall pay, in repayment of the Mortgage Loan, to the Trustee for the account of the Issuer until such principal of, premium (if any) and interest on the Bonds shall have been paid or provision for payment has been made in accordance with the Indenture, in federal or other immediately available funds as provided in the Mortgage Note, an amount which will equal the sum of (i) the interest on the Bonds which is due on such Interest Payment Date and (ii) the principal of and premium, if any, on the Bonds due on such Interest Payment Date (whether at maturity, by prior redemption or otherwise).

Each Mortgage Note repayment under this Section 5.1 shall at all times be sufficient to pay the total amount of interest, principal and premium, if any, payable on the Bonds on the applicable Interest Payment Date. If on any Interest Payment Date after the Trustee has drawn or attempted to draw moneys under a Credit Facility in accordance with its terms, the amounts held by the Trustee in the applicable Account of the Debt Service Fund and the Seasoned Funds Account are insufficient to make the required payments of interest, principal, and premium, if any, on the applicable Bonds on such date as required by the terms of the Indenture, the Borrower shall forthwith pay such deficiency to the Trustee in immediately available funds for deposit in the applicable Account of the Debt Service Fund, and such payments shall be credited against amounts owed under the Mortgage Note.

The Borrower hereby authorizes and directs the Trustee to draw funds under each Credit Facility in accordance with the provisions of the Indenture and this Loan Agreement to the extent necessary to pay the interest on and principal and purchase price of the Bonds when due. So long as the principal and the purchase price of and interest on the Bonds are paid by a properly presented and conforming draw under the related Credit Facility, the obligations of the Borrower hereunder to pay principal of and interest on the Mortgage Loan shall be deemed satisfied and discharged at such time; and to the extent that Seasoned Funds are applied by the Trustee to the obligation to pay the redemption premium, if any, pursuant to the terms of the Indenture the obligations of the Borrower under the Mortgage Loan with respect to the payment of such premium shall be deemed satisfied and discharged at such time.

(b) The Borrower shall pay all taxes and assessments, general or special, including, without limitation, all *ad valorem* taxes, concerning or in any way related to the Project, or any part thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments; provided, however, that the Borrower reserves the right to contest in good faith the legality of any tax or governmental charge concerning or in any way related to the Project.

(c) The Borrower shall pay and indemnify the Issuer and the Trustee against all reasonable fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith (and with respect to the Trustee, without negligence) and arising out of or in connection with the Financing Documents, the Bonds or the Indenture. Notwithstanding the foregoing, the Borrower shall not be obligated to pay amounts incurred as a result of the willful misconduct of the Issuer, or the gross negligence or willful misconduct of any other party, and any obligations of the Borrower to pay for environmental inspections or audits will be governed by the Deed of Trust. Without limiting the generality of the foregoing, the Borrower shall pay (i) to the Trustee when due, the Trustee Fee, (ii) to the Issuer, or to the Trustee on behalf of the Issuer, when due, the Issuer Fee, (iii) to the Issuer, all fees and costs (including, but not limited to, time spent by the Issuer staff) incurred by the Issuer for the calculation of Rebate Amount, (iv) the fees and expenses of the Rebate Analyst, as well as the Rebate Amount, if any, required to be paid to the United States of America, (v) to the Issuer or the Trustee, the Rating Agency Surveillance Fee, if any, and (vi) to the Remarketing Agent, its ongoing fees as remarketing agent as specified in the Remarketing Agreement. The obligations in this subsection shall remain valid and in effect notwithstanding repayment of the Mortgage Loan or the Bonds or termination of this Loan Agreement or the Indenture. The Issuer Fee payable under this paragraph is not intended to be duplicative of the initial issuance fee and the annual administrative fees payable under Section 19 of the Regulatory Agreement, and the Issuer Fee payable hereunder shall be deemed satisfied to the extent paid under the Regulatory Agreement.

(d) The Borrower further agrees that it will make available (by virtue of the Trustee's draws on the Credit Facilities or otherwise) in a timely manner moneys for the repurchase of all Bonds tendered for repurchase pursuant to the provisions of the Indenture. The Borrower hereby authorizes and directs the Trustee to draw moneys under the Credit Facilities for such purpose.

(e) If the Mortgage Note is prepaid in full pursuant to Section 5.3 or 5.4 hereof and a Regulatory Agreement continues to encumber any portion of the Project after such prepayment, the Borrower shall continue to pay the annual Issuer Fee for the remaining term of such Regulatory Agreement. This subsection shall survive the repayment of the Mortgage Note and the Bonds.

(f) The Borrower shall pay to the Trustee, forthwith upon written notice from the Trustee, all costs and expenses reasonably incurred by the Trustee pursuant to clause (b) of the definition of Trustee Fee.

(g) At its option, but subject to the provisions of the Indenture and the applicable Credit Agreements, if any, the Borrower may seek a Conversion of the interest calculation with respect to the Bonds. The Borrower agrees to deposit with the Trustee all costs to be incurred prior to the Conversion Date (as estimated by the Remarketing Agent and the Issuer) no later than 35 days prior to the Conversion Date. Interest earned on any investment of such moneys (as directed by the Borrower in Permitted Investments) prior to expenditure shall

accrue to the benefit of the Borrower. In the event the actual costs exceed the amount paid, the Borrower shall pay such amounts immediately upon receipt of notice thereof by the Trustee.

(h) The Borrower may provide a Substitute Letter of Credit or Alternate Credit Facility in accordance with the terms of Section 310 or Section 313 of the Indenture, and may terminate a Credit Facility in accordance with the terms of Section 314 of the Indenture.

(i) The Borrower shall pay all charges, costs, advances, indemnities and expenses, including agent and counsel fees of the Issuer incurred by the Issuer at any time in connection with the Bonds or the Project, including, without limitation, counsel fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of the Indenture, the Bonds or the Mortgage Loan Documents or any other documents relating to the Project or the Bonds or in connection with questions or other matters arising under such documents or in connection with any federal or state tax audit or post issuance examination of the Bonds. The Issuer agrees that it will notify the Borrower of the receipt of audit communications from any state or federal agency and will execute any consent required in order to permit the Borrower to assume the primary communication and/or negotiation responsibility with any state or federal agency.

Section 5.2. Nature of the Borrower's Obligations. The Borrower shall repay the Mortgage Loan pursuant to the terms of Section 5.1 of this Loan Agreement and the Mortgage Note, irrespective of any rights of set-off, recoupment or counterclaim it might have against the Issuer, the Trustee, the Credit Provider, or any other person; provided, that any such payment shall not constitute a waiver by the Borrower of any claim for recoupment or of any counterclaim. The Borrower will not suspend, discontinue or reduce any such payment or (except as expressly provided herein) terminate this Loan Agreement for any cause, including, without limiting the generality of the foregoing, (i) any delay or interruption in the acquisition, construction, equipping or operation of the Project; (ii) the failure to obtain any permit, order or action of any kind from any governmental agency relating to the Mortgage Loan or the Project; (iii) any event constituting *force majeure*; (iv) any acts or circumstances that may constitute commercial frustration of purpose; (v) the termination of this Loan Agreement or any of the other Mortgage Loan Documents; (vi) any change in the laws of the United States of America, the State or any political subdivision thereof; or (vii) any failure of the Issuer to perform or observe any covenant whether expressed or implied, or to discharge any duty, liability or obligation arising out of or connected with the Mortgage Note; it being the intention of the parties that, as long as the Mortgage Note or any portion thereof remains outstanding and unpaid, the obligation of the Borrower to repay the Mortgage Loan and provide such moneys shall continue in all events. This Section 5.2 shall not be construed to release the Issuer from any of its obligations hereunder, or the Trustee from any of its obligations under the Indenture, or, except as provided in this Section 5.2, to prevent or restrict the Borrower from asserting any rights which it may have against the Issuer or the Trustee (or the loan servicer, if different from the Trustee) under the Mortgage Note or the Indenture, or under any provision of law, or to prevent or restrict the Borrower, at its own cost and expense, from prosecuting or defending any action or proceeding by or against the Issuer or the Trustee (or the loan servicer, if different from the Trustee) or taking any other action to protect or secure its rights.

Section 5.3. Mandatory Prepayment of Mortgage Note.

(a) The Mortgage Note is subject to mandatory prepayment at a price equal to the principal amount of Bonds to be redeemed as a result of such prepayment together with accrued interest to the date fixed for such redemption of the Bonds, as follows:



(i) in whole or in part (and if in part, in such manner as will correspond to the maturities and Subseries of Bonds selected for redemption by the Borrower), on the first regularly scheduled Interest Payment Date on or after July 1, 2020 unless such date is extended pursuant to Section 4.2(b) hereof, in an amount equal to the amount (plus any investment earnings thereon) remaining in the applicable account of the Mortgage Loan Fund at the close of business on May 15, 2020 (or the fifteenth day of the second month preceding the month in which any extension of such prepayment date ends);

(ii) in an amount equal to the Outstanding Tax-Exempt Bonds, as soon as practicable following receipt by the Trustee of written notice of a Determination of Taxability, or in whole or in part (and if in part, in such manner as will correspond to the maturities and Subseries of Bonds selected for redemption by the Borrower), as soon as practicable, in order to prevent a Determination of Taxability (in the amount determined by Bond Counsel to be necessary to preserve the tax-exemption of interest on the Tax-Exempt Bonds that will remain outstanding thereafter, if any);

(iii) in part, if the Bonds of a Subseries are subject to mandatory sinking fund redemption following a Term Rate Conversion Date or the Fixed Rate Conversion Date in accordance with a schedule to be provided to the Trustee and the Issuer by the Remarketing Agent and to become effective on such Conversion Date; provided that the Borrower shall deliver to the Issuer, the Trustee and the Administrative Agent an Opinion of Bond Counsel to the effect that such amortization will not adversely affect the exclusion of interest on the Tax-Exempt Bonds from gross income for federal income tax purposes.

(iv) in whole or in part, on the next regularly scheduled Interest Payment Date for which notice of redemption of Bonds of the applicable Subseries can be given pursuant to Section 604 of the Indenture, upon written notice to the Trustee of the determination by the Administrative Agent, in accordance with Section 5.7 hereof, to have the Trustee draw on the applicable Credit Facility in the amount of any net proceeds of insurance or condemnation awards in an amount not less than \$25,000 not used to repair or replace the Project or any component thereof;

(v) the amount relating to each Subseries in whole, as soon as practicable but not later than the first Business Day prior to the expiration or termination of the applicable Credit Facility, upon receipt by the Trustee from the Administrative Agent or the applicable Credit Provider of written notice of a "Default" or "Event of Default" (as such terms are defined under the applicable Credit Agreement) and the determination by the Administrative Agent or the Credit Provider to have the Trustee draw on such Credit Facility;

(vi) in whole, on the next scheduled Interest Payment Date for which notice of redemption can be given in accordance with Section 604 of the Indenture, following receipt by the Trustee of written notice from the Issuer, of the occurrence of an Event of Default under the Regulatory Agreement, the Tax Certificate or Section 7.1(b) of this Loan Agreement and requesting redemption of the Bonds;

(vii) the amount relating to each Subseries in whole, as soon as practicable but not later than the fifth Business Day prior to the stated expiration or termination of the applicable Credit Facility, (A) if within (i) six (6) months after a Wrongful Dishonor, or (ii) sixty (60) days after an Act of Bankruptcy of the Credit Provider or a Determination of Unenforceability, the Borrower does not cause to be delivered to the Trustee an irrevocable commitment for a Substitute Letter of Credit or Alternate Credit Facility satisfying the

requirements of Section 310 or 313 of the Indenture, provided, that upon any acceleration of such Bonds such six-month or 60-day opportunity to avoid mandatory prepayment pursuant to this subparagraph (vii) shall cease, or (B) if, after the delivery of the commitment described in clause (A) hereof the Borrower does not cause to be delivered to the Trustee such Substitute Letter of Credit or Alternate Credit Facility in accordance with such commitment and Section 310(c) of the Indenture;

(viii) the amount relating to each Subseries in whole, as soon as practicable, but not later than the fifth Business Day prior to the stated expiration or termination of the applicable Credit Facility, upon acceleration of the maturities of the Outstanding Bonds of such Subseries by the Trustee pursuant to Section 802 of the Indenture;

(ix) in part, at the written direction of the Administrative Agent (A) on each Conversion Date in an amount not greater than the amount in the applicable Principal Reserve Account on the first day of the month prior to such Conversion Date, as applicable, or (B) on any Interest Payment Date while Bonds bear interest at a Daily Rate, a Weekly Rate or an Index Rate, in an amount not greater than the amount in the applicable Principal Reserve Account on the first day of the month prior to such Interest Payment Date; and

(x) in part, on the first day of each month during which Bonds bear interest at Variable Rates, in an amount equal to the amount, if any, which is available to be applied to the redemption of Bonds pursuant to Section 308(g) of the Indenture.

(b) The Trustee shall draw on a Credit Facility to pay the redemption price, (other than premium, if any, if the Credit Facility does not permit a draw therefor) of the applicable Bonds. Upon the Credit Provider's payment of a draw on such Credit Facility to redeem such Bonds, the Trustee shall remit any prepayments held by it to the Credit Provider as reimbursement for the payment of such draw. If, however, the Credit Provider fails to honor such draw, subject to Section 901(i) of the Indenture, the Trustee shall forthwith use such prepayments to the extent possible to redeem such Bonds.

(c) In the event of a partial prepayment of the Mortgage Note, pursuant to this Section or Section 5.4, the principal amount of the Borrower's obligation under the Mortgage Note shall be reduced by the principal amount of Bonds redeemed with the proceeds of such prepayment.

(d) In the event the Mortgage Loan is prepaid in part in accordance with this Section 5.3, the mandatory sinking fund payments applicable to the Bonds, if any, shall be reduced in accordance with the written instructions provided to the Trustee by the Remarketing Agent (after consultation with the Credit Provider and the Borrower) and to become effective on the applicable Term Rate Conversion Date or the Fixed Rate Conversion Date;

#### Section 5.4. Optional Prepayment of Mortgage Note.

(a) On any Business Day on or prior to the Fixed Rate Conversion Date, the Borrower may, at its option (and in accordance with the provisions of Section 6.4 hereof), prepay the Mortgage Note in whole or in part, in a manner consistent with the requirements of Sections 602 and 603 of the Indenture, with the consent of the applicable Credit Provider, at a price equal to the principal amount to be prepaid together with accrued interest to the date fixed for redemption of the Bonds to be redeemed with such prepayment.

(b) Upon and after the Fixed Rate Conversion Date for a Subseries the Borrower may, at its option, prepay a corresponding portion of the Mortgage Note in a manner consistent with the requirements of Section 602(b)(iii) of the Indenture in part on July 1 or December 1, or in whole on any date, at a redemption schedule to be determined by the Remarketing Agent (after consultation with the Credit Provider and the Borrower) at the time of Conversion, provided, that the Trustee must receive (a) the written consent to the redemption schedule from the provider of the applicable Letter of Credit or Alternate Credit Facility to be in effect while the applicable Bonds are at a Fixed Rate, and (b) an Opinion of Bond Counsel to the effect that such change will not adversely affect the exclusion from gross income for federal income tax purposes of the interest payable on the Tax-Exempt Bonds. In addition, a portion of the Mortgage Note may be prepaid at times and in amounts corresponding to any mandatory sinking fund payments established in accordance with a Term Rate Conversion or a Fixed Rate Conversion pursuant to Section 602(a)(iv).

(c) Any optional prepayment of the principal of and the interest on the Mortgage Note must be made with Seasoned Funds and only upon approval of the Credit Provider if such principal and interest is to be paid from the proceeds of a draw on a Credit Facility. No prepayment will be credited to the Borrower or used to redeem Bonds unless the Issuer notifies the Trustee in writing that it has received the amounts required, if any, to be paid pursuant to Section 5.1(e) hereof. The Borrower shall give written notice of any such intended optional prepayment to the Issuer, the Trustee, the Credit Provider and the Remarketing Agent, if applicable, no later than 30 days prior to the date set for notice to Bondowners of such redemption. Seasoned Funds in an amount equal to the applicable premium (if not paid from a draw on a Credit Facility) shall be on deposit with the Trustee prior to the Trustee's mailing of the redemption notice; provided, that if the redemption is intended to be paid within the proceeds of refunding bonds, mailing of conditional notice of such redemption may be made prior to receipt of such Seasoned Funds.

(d) Unless payable from Seasoned Funds, the Trustee shall draw on a Credit Facility to pay the redemption price of the Bonds excluding premium, if any, unless a Substitute Letter of Credit provides therefor. Upon the Credit Provider's payment of a draw on a Credit Facility to redeem such Bonds, the Trustee shall remit any prepayments held by it to the Credit Provider as reimbursement for payment of such draw. If, however, the Credit Provider fails to honor such draw, subject to Section 901(i) of the Indenture, the Trustee shall use such moneys to the extent possible to redeem the Bonds.

(e) In the event the Mortgage Loan is prepaid in part in accordance with this Section 5.4, the mandatory sinking fund payments applicable to the Bonds, if any, shall be reduced in accordance with the written instructions provided to the Trustee by the Remarketing Agent (after consultation with the Credit Provider and the Borrower) and to become effective on the applicable Term Rate Conversion Date or the Fixed Rate Conversion Date;

Section 5.5. Past Due Payments. Except for amounts due on the Mortgage Note, any amounts not paid to the Issuer or Trustee in accordance with this Loan Agreement shall bear interest at 10% per month until finally paid.

Section 5.6. Credit Facility.

(a) At all times during which Bonds are Outstanding, the Borrower shall (i) cause to be provided and continuously available to the Trustee, as beneficiary, one or more irrevocable, direct pay Letters of Credit or Alternate Credit Facilities meeting the requirements of

Section 310 or 313 of the Indenture or (ii) cause to be satisfied the requirements of Section 212 and Section 314 of the Indenture (provided that the option provided by this clause (ii) shall be available to the Borrower only if the subject Bonds do not bear interest at Variable Rates). If the provider of a Credit Facility then in effect Wrongfully Dishonors any draw on such Credit Facility, so long as no Event of Default has occurred under the Indenture (due to the continued payment of principal, interest and/or Purchase Price of Bonds from payments by or on behalf of the Borrower from Seasoned Funds under this Loan Agreement), the Borrower shall not be considered to be in default under the provisions of this subsection (a) if it replaces such Credit Facility with a new Credit Facility meeting the requirements of Section 310 or Section 313 of the Indenture within six (6) months of such Wrongful Dishonor.

(b) The Trustee, in accordance with Section 309(b) of the Indenture, shall draw on a Credit Facility in the amount necessary to pay principal of and/or interest on the Bonds due each Interest Payment Date and in accordance with Section 309(c) of the Indenture shall draw on a Credit Facility to pay the Purchase Price of Bonds tendered for repurchase but not remarketed.

(c) The Borrower may provide the Trustee with one or more Substitute Letters of Credit or Alternate Credit Facilities in accordance with the requirements of Section 310 or Section 313 of the Indenture, or, if the Bonds do not bear interest at Variable Rates, may cause the applicable Credit Facility to be terminated or expire in accordance with the requirements of Section 314 of the Indenture.

#### Section 5.7. Insurance and Condemnation Proceeds.

So long as (1) there are no continuing failures to pay properly presented and conforming draws under a Credit Facility and (2) no Determination of Unenforceability has occurred, the Administrative Agent shall hold all proceeds of insurance or condemnation awards and shall, within thirty (30) days of the loss, determine (i) that such proceeds will be used to repair or replace a Project or reimburse the Borrower therefor (provided, that if the amount of such proceeds is less than \$1,000,000, such proceeds may be used by the Borrower for any purpose) or (ii) that the Trustee shall draw on a Credit Facility in the principal amount of such proceeds to redeem a corresponding amount of Bonds allocable to such Project; provided, that the Administrative Agent may retain from such proceeds the amount of its fees and costs incurred in the collection thereof. The Administrative Agent shall forthwith notify the Trustee in writing of its determination. The Trustee may rely on such notice in notifying Bondowners of a redemption of Bonds. Upon the Credit Provider's payment of a draw on a Credit Facility to redeem such Bonds, the Administrative Agent shall use such proceeds to reimburse the Credit Provider for the payment of such draw. If, however, the conditions stated in either clause (1) or clause (2) are not met, the Administrative Agent shall remit such insurance or condemnation proceeds, upon receipt thereof, to the Trustee. The Trustee shall remit to the Borrower all such proceeds received in excess of the amount necessary to redeem such Bonds or to reimburse the Credit Provider for payment of a draw on the Credit Facility to redeem such Bonds.

### ARTICLE VI FURTHER AGREEMENTS

Section 6.1. Successor to the Issuer. The Issuer will at all times use its best efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to law or assure the assumptions of its obligations hereunder by any public trust or political subdivision succeeding to its powers.

Section 6.2. Borrower to Maintain its Existence; Conditions Under Which Exceptions Permitted. The Borrower agrees that during the term of this Loan Agreement it will maintain its existence as a Delaware limited partnership, will continue to be duly qualified to do business in the State, and will neither dispose of all or substantially all of its assets nor consolidate with or merge into another entity, unless (i) it shall have first filed with the Issuer and the Trustee an opinion of Bond Counsel to the effect that such disposal of assets, consolidation or merger will not cause the interest on the Tax-Exempt Bonds to become subject to federal or state income taxation; (ii) the acquirer of its assets or the entity with which it shall consolidate or into which it shall merge shall be a partnership, corporation, limited partnership or limited liability company organized and existing under the laws of the United States of America or one of the states of the United States of America and shall be qualified and admitted to do business in the State; (iii) such acquiring or remaining entity shall satisfy any additional requirements or conditions set forth in the Regulatory Agreement and the Credit Agreements; (iv) such acquiring or remaining entity shall assume in writing all of the obligations of the Borrower under the Mortgage Loan Documents, subject to all of the limitations of liability applicable to the Borrower; and (v) the Credit Provider shall have provided prior written consent to such disposition, consolidation or merger and assumption of liability and the Borrower shall have furnished within 10 days after any such action, notice thereof and a copy of all instruments of assumption of liability to the Issuer and the Trustee.

Section 6.3. Cooperation in Enforcement of Regulatory Agreement. The Borrower hereby covenants and agrees as follows:

- (a) to comply with all provisions of the Regulatory Agreement;
- (b) to advise the Issuer and the Credit Provider in writing promptly upon learning of any material default with respect to the covenants, obligations and agreements of the Borrower set forth in any Regulatory Agreement;
- (c) upon written direction by the Issuer or the Trustee, to cooperate fully and promptly with the Issuer or the Trustee in enforcing the terms and provisions of the Regulatory Agreement; and
- (d) to file in accordance with the time limits established by the Regulatory Agreement all reports and certificates required thereunder, in substantially the form attached thereto.

Section 6.4. Tax Exempt Status of Tax-Exempt Bonds; Arbitrage. It is the intention of the Borrower and the Issuer that interest on the Tax-Exempt Bonds shall be and remain excluded from gross income of the owners of the Tax-Exempt Bonds under federal tax law, and to that end the covenants and agreements of the Borrower in this section are for the benefit of each and every Owner of a Bond. In furtherance thereof, the Borrower represents, warrants and agrees as follows:

(a) Qualified Residential Rental Project Exempt Facility Bonds. The Borrower shall assure that the proceeds of the Tax-Exempt 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. Neither the Borrower nor the Issuer shall 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Bonds would have caused the Tax-Exempt 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 Tax-Exempt Bonds from the gross income of the owners of the Tax-Exempt 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 Tax-Exempt Bonds.

(f) Private Activity Volume Cap. The Tax-Exempt 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 to the Issuer 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 Tax-Exempt Bonds.

(f) Limitation on Issuance Costs. The Borrower covenants that, from the proceeds of the Tax-Exempt 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 Tax-Exempt Bonds, all within the meaning of section 147(g)(1) of the Code. For this purpose, if the fees of the Original Purchasers are retained as a discount on the purchase of the Tax-Exempt Bonds, such retention shall be deemed to be an expenditure of Proceeds of the Tax-Exempt Bonds for said fees.

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

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

(i) Existing Facilities Limit. The Borrower covenants that no proceeds of the Tax-Exempt 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 fifteen percent (15%) 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 one hundred percent

(100%) of the portion of the cost of acquiring such structure financed with the proceeds of the Tax-Exempt Bonds.

(j) Certain Uses Prohibited. The Borrower covenants that no proceeds of the Tax-Exempt 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 Tax-Exempt 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.

(k) Income Targeting. The Issuer hereby elects to have the Project meet the requirements of section 142(d)(1)(A) of the Code in that twenty percent (20%) or more of the residential units in the Project shall be occupied by persons or families whose Adjusted Income (as defined in the Regulatory Agreement) is fifty percent (50%) or less of Median Income for the Area (as defined in the Regulatory Agreement), adjusted for household size. The Owner hereby elects to have Section 142(d)(4)(B) of the Code (deep rent skewing) apply to the Project.

Section 6.5. Additional Instruments. The Borrower hereby covenants to execute and deliver such additional instruments and to perform such additional acts as may be necessary, in the reasonable opinion of the Issuer or the Trustee, to carry out the intent of the Mortgage Loan Documents, the Tax Certificate, and the Deed of Trust when executed and recorded or to perfect or give further assurances of any of the rights granted or provided for in the Mortgage Loan Document when executed and recorded.

Section 6.6. Books and Records. The Borrower hereby covenants upon reasonable notice to permit the Issuer and the Trustee or their duly authorized representatives, access (wherever regularly located) during normal business hours to the books and records of the Borrower pertaining to the Mortgage Loan and the Project, and to make such books and records available for audit and inspection, at reasonable times and under reasonable conditions to the Issuer and the Trustee and their duly authorized representatives.

Section 6.7. Notice of Certain Events. The Borrower hereby covenants to advise the Issuer, the Credit Provider and the Trustee promptly in writing of the occurrence of any Event of Default hereunder or any event which, with the passage of time or service of notice, or both, would constitute an Event of Default hereunder, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto. In addition, the Borrower hereby covenants to advise the Issuer, the Credit Provider and the Trustee promptly in writing of the occurrence of any default under the Mortgage Loan Documents or of the occurrence of an Act of Bankruptcy of the Borrower.

Section 6.8. Indemnification of the Issuer and the Trustee. In addition to its other obligations hereunder, and in addition to any and all rights of reimbursement, indemnification, subrogation and other rights of the Issuer and the Trustee hereunder and under law or equity, to the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Issuer and the Trustee, and each of their respective officers, directors, employees, attorneys and agents (each an "Indemnified Party"), against any and all losses, damages, claims, actions, liabilities, reasonable costs and expenses of any nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement (to the extent that the Borrower has consented to such settlement) and amounts paid to discharge

judgments) (hereinafter, the "Liabilities") to which the Indemnified Parties, or any of them, may become subject under federal or state securities laws or any other statutory law or at common law or otherwise, to the extent arising out of or based upon or in any way relating to:

(a) The Mortgage Loan Documents and the Indenture or the execution or amendment thereof or in connection with transactions contemplated thereby, including the sale, transfer or resale of the Bonds or the Mortgage Loan;

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

(c) Any lien (other than a Permitted Lien) or charge upon payments by the Borrower to the Issuer or 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;

(d) 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 during the period in which the Borrower is in possession or control of the Project, provided, however, Borrower's liability under this provision shall not extend to cover any violations that (i) first arise, commence or occur as a result of actions of the Indemnified Party and (ii) those actions (A) are taken after the satisfaction, discharge, release, assignment, termination or cancellation of the Deed of Trust following the payment in full of the Mortgage Loan and all other sums payable under the Mortgage Loan Documents or (B) are taken after the actual dispossession from the entire Project of Borrower and all entities which control, are controlled by, or are under common control with Borrower following foreclosure of the Deed of Trust or acquisition of the Project by a deed in lieu of foreclosure;

(e) The enforcement of, or any action taken by the Issuer or the Trustee related to remedies under, this Loan Agreement and the other Mortgage Loan Documents, the Indenture, the Bonds and any other documents delivered in connection with the financing of the Project by the Bonds;

(f) the defeasance, tender for purchase and/or redemption, in whole or in part, of the Bonds;

(g) Any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower made in the course of Borrower's applying for the Mortgage Loan or the Bonds or contained in any of the Mortgage Loan Documents, the Indenture or any other documents relating to the financing of the Project with the Bonds and to which the Borrower is a party;

(h) Any Determination of Taxability;

(i) Any breach (or alleged breach) by Borrower of any representation, warranty or covenant made in or pursuant to this Loan Agreement or in connection with any written or oral representation, presentation, report, appraisal or other information given or delivered by Borrower, any member thereof, any guarantor or any of their affiliates to the Issuer, the Trustee,



the Underwriters, the Bank or any other Person in connection with Borrower's application for the Mortgage Loan and the Bonds (including, without limitation, any breach or alleged breach by Borrower of any agreement with respect to the provision of any substitute credit enhancement, if applicable);

(j) Any failure (or alleged failure) by the Borrower, the Bank or the Underwriters to comply with applicable federal and state laws and regulations pertaining to the making of the Mortgage Loan and the issuance, sale and delivery of the Bonds;

(k) The Project, or the condition, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation, construction of, the Project or any part thereof;

(l) The use of the proceeds of the Bonds loaned to the Borrower hereunder; or

(m) The Trustee's acceptance or administration of the trust of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party.

except, in the case of the foregoing indemnification of the Issuer or any related Indemnified Party, to the extent such damages are caused by the willful misconduct of such Indemnified Party and, in the case of foregoing indemnification of the Trustee or any related Indemnified Party, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party (which notice shall be timely given so as not to materially impair the Borrower's right to defend), shall assume the investigation and defense thereof, including the employment of counsel reasonably approved by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement, which approval shall not be unreasonably withheld. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof. The Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if and only if in such Indemnified Party's good faith judgment (based on the advice of counsel) a conflict of interest exists or could arise by reason of common representation.

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 6.8 if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless the Issuer and the Trustee have consented to such transfer and to the assignment of the rights and obligations of the Borrower hereunder.

The rights of any persons to indemnity hereunder shall survive the final payment or defeasance of the Mortgage Loan and the Bonds and in the case of the Trustee, any resignation or removal. The provisions of this Section 6.8 shall survive the termination of this Loan Agreement.

Section 6.9. Consent to Assignment. The Issuer has made an assignment to the Trustee under the Indenture for the benefit of the Bondowners of all rights and interest of the Issuer in and to the Mortgage Loan Documents (except its Unassigned Rights); and the Borrower hereby consents to all such assignments. The Issuer shall file such financing statements and other documents as the Trustee or Issuer shall deem necessary or desirable to perfect the lien of the Indenture with respect to the Mortgage Loan Documents, and the Borrower hereby consents to all such filings.

Section 6.10. Compliance with Usury Laws. Notwithstanding any other provision of this Loan Agreement, it is agreed and understood that in no event shall this Loan Agreement, with respect to the Mortgage Note or other instrument of indebtedness, be construed as requiring the Borrower or any other Person to pay interest and other costs or considerations that constitute interest under any applicable law which are contracted for, charged or received pursuant to this Loan Agreement in an amount in excess of the maximum amount of interest allowed under any applicable law.

In the event of any acceleration of the payment of the principal amount of the Mortgage Note or other evidence of indebtedness, that portion of any interest payment in excess of the maximum legal rate of interest, if any, provided for in this Loan Agreement or related documents shall be cancelled automatically as of the date of such acceleration, or if theretofore paid, credited against the Borrower's obligations to the Credit Provider under the Credit Agreements.

The provisions of this section shall prevail over any other provision of this Loan Agreement.

Section 6.11. Completion of Project. Neither the Issuer nor the Trustee makes any express or implied warranty that the moneys deposited in the Mortgage Loan Fund under the provisions of this Loan Agreement will be sufficient to pay all the amounts that may have been incurred to complete the Project and Issuance Costs.

Section 6.12. Design of Project. The design, acquisition, construction and operation of the Project as described herein do not and will not conflict with any zoning, water, environmental or air pollution or other ordinance, order, law or regulation applicable thereto; the Borrower has or will cause to be established an ongoing program to maintain the Project's compliance with all applicable federal, state and local laws or ordinances (including rules and regulations) relating to zoning, building, safety, and environmental quality; and the Borrower has not failed to obtain (or will obtain or will cause to be obtained when required) and maintain (or cause to be maintained) in effect any material licenses, permits, franchises or other governmental authorizations necessary for the operation and conduct of the Project.

Section 6.13. Payment of Taxes. The Borrower has filed or caused to be filed all federal, state and local tax returns or information returns that are required to have been filed with respect to the Project and of which Borrower has knowledge, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by the Borrower, to the extent that such taxes have become due and payable other than those payable without penalty or interest.

Section 6.14. No Untrue Statements. Neither this Loan Agreement, the other Mortgage Loan Documents nor any other document, certificate or written statement furnished to the Trustee, the Bank, the Remarketing Agent, the underwriter of the Bonds, the Issuer or Bond Counsel by or on behalf of the Borrower, contains any untrue statement of a material fact or

omits to state a material fact necessary in order to make the statements contained herein and therein regarding the Borrower not misleading or incomplete under the circumstances in which made as of the date hereof and as of Bond Closing, and the facts and statements by or on behalf of the Borrower set forth in said documents with respect to the Project are accurate in all material respects. It is specifically understood by the Borrower that all such statements, representations and warranties shall be deemed to have been relied upon by the Issuer as an inducement to make the Mortgage Loan, and that if any such statements, representations and warranties were materially incorrect at the time they were made or as of Bond Closing, the Issuer may consider any such misrepresentation or breach an Event of Default.

Section 6.15. Insurance; Maintenance and Repair. The Borrower agrees to insure the Project or cause the Project to be insured during the term of this Loan Agreement for such amounts and for such occurrences as are required under the Mortgage Loan Documents and the Credit Agreements, as such requirements may be amended from time to time; provided, that each such insurance policy shall name the Administrative Agent as insured. The Trustee shall have no responsibility for monitoring, reviewing or receiving insurance policies related to the Project or for the sufficiency of such insurance. The Borrower further agrees to maintain the Project, or cause the Project to be maintained, during the term of this Loan Agreement (i) in a reasonably safe condition and (ii) in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof.

Section 6.16. Borrower's Compliance with Covenants. The Borrower agrees to deliver to the Issuer during the term of the Regulatory Agreement the documents required therein at the times specified therein and in substantially the forms attached thereto.

Section 6.17. Transfer of Project. The Transfer of any Project or any portions thereof shall be in accordance with Section 11 of the applicable Regulatory Agreement.

Section 6.18. Compliance with Secondary Disclosure Requirements of the Securities and Exchange Commission. The Borrower shall enter into a binding agreement or undertaking for the benefit of the Owners of the Bonds that complies with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission in effect on the date of such binding agreement.

Section 6.19. OFAC Representation. Neither Borrower nor any affiliate of Borrower is (or will be) a person with whom the Trustee is restricted from doing business under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury of the United States of America (including, those Persons named on OFAC's Specially Designated and Blocked Persons list) or under any statute, executive order (including, the September 24, 2001 Executive Order Blocking Project and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action and is not and shall not engage in any dealings or transactions or otherwise be associated with such persons. In addition, Borrower hereby agrees to provide the Trustee with any additional information the Trustee requests from time to time in order to ensure compliance with all applicable Laws concerning money laundering and similar activities.

Section 6.20. MSRB Rule G-34(c) Compliance. In order to permit the Remarketing Agent to comply with MSRB Rule G-34(c), the Borrower hereby (i) authorizes and directs the Trustee to deliver to the Remarketing Agent the Credit Facilities, the Credit Agreements, this Loan Agreement, the Indenture and any other documents executed after the delivery of the Bonds that establish an obligation to provide liquidity with respect to the Bonds or that set forth

or define critical aspects of the liquidity facility for the Bonds (including any executed amendments, renewals, supplements or replacements to the aforementioned) (all such documents, "Rule G-34 Documents"). If the Borrower determines that any information in the Rule G-34 Documents is confidential or proprietary to the Borrower, the Borrower shall identify such information to the Remarketing Agent in writing and request its redaction. The Borrower further agrees that the Remarketing Agent shall have no responsibility and holds the Remarketing Agent harmless with respect to identifying and/or redacting any confidential or proprietary information in the Rule G-34 Documents.

Section 6.21. Issuer Contracting Provisions. The Borrower covenants and agrees to comply with the City and County of San Francisco Mandatory Contracting Provisions set forth in Exhibit C to the Indenture, incorporated herein by this reference. For purposes of said exhibit, "Contractor" shall mean the Borrower and "City" shall mean the Issuer, notwithstanding any contrary statement therein.

## ARTICLE VII EVENTS OF DEFAULT AND REMEDIES

Section 7.1. Events of Default. Subject to the terms of Section 7.2, each of the following shall be an "Event of Default":

(a) the Borrower shall fail to pay or cause to be paid amounts required to pay principal of, premium, if any, or interest on the Bonds or the Purchase Price upon a tender of Bonds on the dates required under Section 5.1(a) or (d); or

(b) the Borrower shall fail to pay amounts required to be paid to the Trustee under Section 5.1(b), (c), (e), (f), (g), (i) or Section 6.8 and five Business Days have elapsed after notice of such event has been sent by fax or electronic mail with hard copy promptly deposited in first class mail to the parties hereto; or

(c) the Borrower shall fail to perform or observe any of its other obligations, covenants or agreements contained in this Loan Agreement, including a failure to repay any amounts which have been previously paid but are recovered, attached or enjoined pursuant to any insolvency, receivership, liquidation or similar proceedings; or

(d) an Event of Default shall occur under any Mortgage Loan Document other than this Loan Agreement; or

(e) the Trustee shall have received notice from the Credit Provider that a "Default" or "Event of Default" has occurred under any Credit Agreement, as such terms are defined in each such Credit Agreement; or

(f) any representation or warranty of the Borrower shall be determined by the Trustee to have been materially false when made, or the Trustee has received notice from the Issuer of such determination.

Section 7.2. Notice of Default; Opportunity to Cure. No default under Section 7.1(c), (d), (f) or (g) hereof shall constitute an Event of Default until:

(a) The Trustee or the Issuer shall give notice to all parties hereto of such default specifying the same and stating that such notice is a "Notice of Default"; and

(b) The Borrower shall have had 60 days after receipt of such notice to correct the default arising under Section 7.1(c), (d), (f) or (g); provided, however, that if the default stated in the notice is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default hereunder so long as (i) the applicable party institutes corrective action within said 60 days and diligently pursues such action until the default is corrected, (ii) the Credit Provider consents to such extension beyond the aforesaid 60-day period, and (iii) in the opinion of Bond Counsel, the failure to cure said default within such 60 days will not adversely affect the exemption from federal income taxation of interest on the Tax-Exempt Bonds.

Notwithstanding the foregoing provisions of this Section 7.2, a failure to replace a Credit Facility pursuant to Section 5.6(a) upon a Wrongful Dishonor shall constitute an Event of Default hereunder immediately upon the occurrence of an "Event of Default" (as defined in the Indenture), or otherwise upon the expiration of said six (6) month period, and no additional cure period shall be available.

Section 7.3. Remedies. Whenever any Event of Default under Section 7.1 hereof shall have happened and be continuing, the following remedial steps shall be taken, subject to the provisions of Sections 7.2 and 7.7 hereof and subject to the provisions of the Bond Intercreditor Agreement:

(a) Immediately upon the occurrence of any Event of Default under Section 7.1(a), (b), (e) or (f) and immediately upon the request of the Issuer upon the occurrence of any Event of Default under Section 7.1(c), (d) or (g), the Trustee shall declare all amounts due under this Loan Agreement and the Mortgage Note to be immediately due and payable. If, however, the Trustee has, pursuant to Section 809 and 810 of the Indenture, waived an Event of Default identified in Section 801 thereof, the related Event of Default under this Loan Agreement shall not be deemed to be continuing and the Trustee shall not declare all amounts due under this Loan Agreement and the Mortgage Note immediately due and payable as a result of such related Event of Default under this Loan Agreement.

(b) The Trustee shall draw on the Credit Facilities in an amount sufficient to pay the Purchase Price, or to pay any interest or principal due on the Bonds.

(c) Notwithstanding anything to the contrary in this Section, with respect to an Event of Default described in Section 7.1(b), upon an Event of Default, and so long as the Credit Provider has not failed to pay any properly presented and conforming draw on a Credit Facility, the Trustee shall not accelerate the amounts owed under this Loan Agreement and the Mortgage Note unless it has been directed to do so by such Credit Provider.

(d) Subject to the provisions of Sections 5.2 and Section 7.7, the Trustee and the Issuer, at the written request or consent of the Trustee, shall take whatever action at law or in equity may appear necessary or desirable to collect the payments required to be made by the Borrower under this Loan Agreement and the Mortgage Note, or to enforce performance and observance of any obligation or agreement of the Borrower under the Mortgage Loan Documents, but in no event shall the Issuer or the Trustee be obligated to take any such action which in its opinion will or might cause it to expend time or money or otherwise incur liability

unless and until indemnity satisfactory to it as provided in Section 901(g) of the Indenture has been furnished.

Any amounts collected as payments made on the Mortgage Note, or applicable to such payments, and any other amounts which would be applicable to payment of principal of, premium, if any, and interest on the Bonds collected pursuant to action taken under this section shall be applied in accordance with the provisions of the Indenture or, if the Outstanding Bonds have been deemed paid in accordance with the provisions of the Indenture, shall be paid as provided in Article III of the Indenture. Upon payment in full of all amounts owing under the Indenture, including all amounts owed to the Trustee, the Trustee shall give written notice to the Credit Provider and the Administrative Agent of such payment. Upon payment in full of all amounts owing under the Mortgage Loan Documents, including all fees and expenses of the Trustee and the Issuer, the Issuer shall transfer any remaining right, title or interest that it has in the Indenture, the Deed of Trust and the Mortgage Loan Documents to the Administrative Agent (or to the Borrower if the Borrower has paid all amounts owed to the Credit Providers under the Credit Agreements and any other Credit Facility Documents (as defined in the Credit Agreements)), except any Unassigned Rights expressly intended to survive the payment of the Mortgage Loan, including the Issuer's and the Trustee's rights to be indemnified, as provided for herein and therein.

Section 7.4. Attorneys' Fees and Costs. If an Event of Default occurs and if the Issuer or the Trustee should employ attorneys or incur expenses for the enforcement of any obligation or agreement of the Borrower contained herein, the Borrower on demand will pay to the Issuer or the Trustee the reasonable fees of such attorneys and the reasonable costs so incurred, including, without limitation, reasonable fees and costs of court appeals.

Section 7.5. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy 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 Issuer or the Trustee to exercise any remedy reserved to either of them in this Article VII, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 7.6. No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in this Loan Agreement should be breached by the Borrower and thereafter waived by the Issuer or the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.7. Intercreditor Provisions. The Bond Intercreditor Agreement shall govern the intercreditor relationship between the Trustee, the Bank and the Issuer. A replacement Bond Intercreditor Agreement may be substituted for the Bond Intercreditor Agreement then in effect upon a mandatory tender for purchase of all of the Bonds.

## ARTICLE VIII MISCELLANEOUS

Section 8.1. Entire Agreement. The Remarketing Agreement, the Credit Agreements, the Mortgage Loan Documents, the Indenture and the Letters of Credit constitute the entire and final agreement and supersede all prior agreements and understandings, both written and oral, between or among any one or more of the Issuer, the Trustee, the Credit Provider, the Remarketing Agent and the Borrower with respect to the subject matter hereof.

Section 8.2. Notices. All notices, certificates or other communications shall be in writing and shall be sufficiently given and shall be deemed given (except for notices to the Trustee, which shall be deemed given only when actually received by the Trustee) on the Business Day on which the same have been personally delivered (either by messenger or courier service which guarantees next day delivery) or (if not by such messenger or by courier service), on the third Business Day following the date on which the same has been mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Issuer:

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

with copies to:

City and County of San Francisco  
City Hall, 1 Dr. Carlton B. Goodlett Place, Room 316  
San Francisco, California 94102  
Attention: City Controller

City and County of San Francisco  
City Hall, 1 Dr. Carlton B. Goodlett Place, Room 140  
San Francisco, California 94102  
Attention: City Treasurer

Office of the City Attorney  
City Hall, 1 Dr. Carlton B. Goodlett Place, Room 234  
San Francisco, California 94102  
Attention: Finance Team  
Telephone: (415) 554-4722  
Fax: (415) 554-4755  
E-mail: Kenneth.roux@sfgov.org

If to Borrower:

Related/Mariposa Development Co., LP  
c/o Related California  
44 Montgomery Street, Suite 1300  
San Francisco, CA 94104  
Attention: Gregory Vilkin  
Telephone: (415) 677-9000  
Fax: (888) 371-8739  
E-Mail: greg.vilkin@related.com

with copies to:

The Related Companies, L.P.  
60 Columbus Circle  
New York, NY 10023  
Attention: Chief Legal Officer  
Phone: (212) 801-3478  
E-mail: [jmccool@related.com](mailto:jmccool@related.com)

Levitt & Boccio, LLP  
423 West 55th Street, 8th Floor  
New York, NY 10019  
Attention: David S. Boccio, Esq.  
Phone: (212) 801-3769  
Fax: (212) 801-3762  
E-mail: [dboccio@levittboccio.com](mailto:dboccio@levittboccio.com)

Cox, Castle & Nicholson LLP  
50 California Street, Suite 3200  
San Francisco, CA 94111  
Attention: Steven Ryan  
Telephone: (415) 262-5150  
Fax: (415) 262-5199  
E-Mail: [sryan@coxcastle.com](mailto:sryan@coxcastle.com)

If to Trustee:

U.S. Bank National Association  
1 California Street, Suite 1000  
San Francisco, California  
Attention: Corporate Trust  
Telephone: (415) 677-3593  
Fax: (415) 677-3768

If to Remarketing Agent:

Citigroup Global Markets Inc.  
390 Greenwich St., 2nd Floor  
New York, New York 10013  
Attention: Short Term Manager  
Telephone: (212) 723-5594  
Fax: (212) 723-8939  
E-mail: [robert.j.demichiel@citi.com](mailto:robert.j.demichiel@citi.com)

If to the Bank:

Bank of America, N.A.  
One Bryant Park, 35th Floor  
New York, NY 10036  
Attention: Rod Salguero  
Telephone: (646) 855-2616  
Fax: (646) 822-5754  
E-mail: [roderick.k.salguero@baml.com](mailto:roderick.k.salguero@baml.com)



with a copy to:

Schiff Hardin LLP  
666 Fifth Avenue, Suite 1700  
New York, New York 10103  
Attention: Russel Hamilton  
Telephone: (212) 745-0805  
Fax: (212) 753-5044  
E-mail: rhamilton@schiffhardin.com

If to the Administrative Agent:

Bank of America, N.A.  
One Bryant Park, 35th Floor  
New York, NY 10036  
Attention: Rod Salguero  
Telephone: (646) 855-2616  
Fax: (646) 822-5754  
E-mail: roderick.k.salguero@baml.com

A duplicate copy of each notice, certificate or other communication given hereunder by any party hereto to another party hereto shall also be given to all of the parties specified above. All other documents required to be submitted to any of the foregoing parties shall also be submitted to such party at its address set forth above. Any of the foregoing parties may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates, documents or other communications shall be sent.

Section 8.3. Assignments. This Loan Agreement may not be assigned by any party without the prior written consent of all parties hereto which consent shall not be unreasonably withheld; provided, that the Issuer shall assign to the Trustee certain of its rights under this Loan Agreement as provided in Section 6.9; provided also, that the Borrower may assign to any transferee or any surviving or resulting entity its rights under this Loan Agreement with the consent of the Credit Provider and compliance with the requirements of Section 6.2 hereof; and, provided further, that the Trustee without the consent of any other party shall assign certain of its rights under this Loan Agreement to any successor Trustee designated in accordance with the Indenture.

Section 8.4. Severability. If any provision of this Loan Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 8.5. Execution of Counterparts. This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8.6. Amendments, Changes and Modifications. Except as otherwise provided in this Loan Agreement or in the Indenture, subsequent to the issuance of Bonds and prior to their payment in full (or provision for payment thereof having been made in accordance with the provisions of the Indenture), this Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the all parties hereto. Notice of any such change, amendment or modification shall be provided to the Remarketing Agent by the Issuer.

Section 8.7. Governing Law. This Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 8.8. Term of Loan Agreement. This Loan Agreement shall be in full force and effect from the date hereof until such time as all the Bonds shall have been fully paid or provision made for such payment pursuant to the Indenture, whichever shall be earlier. Time is of the essence in this Loan Agreement.

Section 8.9. Survival of Loan Agreement. All agreements, representations and warranties made herein shall survive the making of the Mortgage Loan.

Section 8.10. Non-Business Days. Any payment or act required to be done or made on a day that is not a Business Day shall be done or made on the next succeeding day that is a Business Day with the same force and effect as if it had been done on the date originally scheduled for such payment or act.

Section 8.11. Trustee Acting Solely in Such Capacity. In accepting its obligations hereunder, the Trustee acts solely as trustee for the benefit of the Bondowners and not in its individual capacity, and all persons, including, without limitation, the Issuer and the Borrower, seeking payment from the Trustee for any liability arising by reason of the transactions contemplated hereby shall look only to the Trust Estate for payment except where such liability arises out of the negligence or willful misconduct of the Trustee. All of the rights, privileges, and limitations on liability granted to the Trustee under the Indenture shall extend to the Trustee's activities and obligations under this Loan Agreement and each of the other Mortgage Loan Documents.

Section 8.12. Parties to Act Reasonably. When the consent, approval, determination or authorization of any party to this Loan Agreement is required, such party will act reasonably in deciding whether to provide such consent, approval, determination or authorization and will not unreasonably withhold or delay such decision or such consent, approval, determination or authorization.

Section 8.13. Conflict of Documents. In the event the provisions of this Loan Agreement conflict with provisions of the Indenture, the provisions of the Indenture shall be deemed to control.

Section 8.14. Loan Terms. The Borrower and the Credit Provider will promptly notify the Issuer and the Trustee of any amendment to a Credit Agreement.

Section 8.15. Transfer of Project; Disposition of Assets. As soon as practicable and not later than fourteen days prior to the intended date of sale, transfer or other disposition of the Project (other than by leasing or renting for individual resident use), or the consolidation, merger or disposition of substantially all the assets of the Borrower of which the Credit Provider has notice, the Credit Provider shall notify the Issuer and the Trustee of such transaction. Such transaction and its expected date shall be subject to the applicable conditions set forth in Section 6.17 hereof. This section shall not apply to the leasing of a portion of the Project (i.e. an air-rights parcel containing sixty (60) affordable apartment units, plus one (1) manager's unit) to a limited partnership or other affiliate of The Related Companies, L.P. or Related California Residential, LLC, or to the disposition of other portions of the development that are not a part of the Project, such as retail or commercial space.

Section 8.16. Release of Documents. Upon prepayment in full of the Mortgage Note in accordance with Section 5.3 or Section 5.4 hereof or any nonjudicial foreclosure under the Deed of Trust on all property secured thereby and the payment of all amounts owed to the Credit Provider under the Credit Agreements and any Credit Facility Documents (as defined in the Credit Agreements), the Mortgage Note shall be released and delivered to the Borrower, and the rights of the Trustee and the Administrative Agent, on its behalf, under the Deed of Trust shall be terminated in accordance with its terms.

Section 8.17. Oral Agreements Not Enforceable. ORAL AGREEMENTS OR ORAL COMMITMENTS BY THE ISSUER TO LOAN MONEY, TO EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT IN CONNECTION WITH THE PROJECT SHALL NOT BE ENFORCEABLE.

Section 8.18. Bond Intercreditor Agreement. The parties hereto acknowledge and agree that certain rights and remedies herein shall be subject to the Bond Intercreditor Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Loan Agreement, all as of the day and year first above mentioned.

CITY AND COUNTY OF SAN FRANCISCO,  
as Issuer

By:   
Kate Hartley  
Acting Director, Mayor's Office of Housing  
and Community Development

Approved as to Form:  
DENNIS J. HERRERA  
City Attorney

By:   
Deputy City Attorney

Signature Pages to Loan Agreement  
City and County of San Francisco  
Variable Rate Multifamily Housing Revenue Bonds  
(1601 Mariposa Apartments)


RELATED/MARIPOSA DEVELOPMENT CO., LP,  
a Delaware limited partnership

By: Mariposa Housing Partners GP LLC,  
a California limited liability company,  
its Managing General Partner


By: Turk Street, Inc.,  
a California nonprofit public benefit  
corporation,  
its Sole Member

By:   
Donald S. Falk,  
Chief Executive Officer

By: Mariposa Holdco, LLC,  
a Delaware limited liability company,  
its Administrative General Partner

By:   
William A. Witte,  
Executive Vice President

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

By   
Its VICE PRESIDENT

Signature Pages to Loan Agreement  
City and County of San Francisco  
Variable Rate Multifamily Housing Revenue Bonds  
(1601 Mariposa Apartments)

## EXHIBIT A

### DESCRIPTION OF THE PROJECT

The Project consists of the acquisition and construction of a 299-unit multifamily rental housing facility located at 1601 and 1677 Mariposa Street, 485-497 Carolina Street, 395 and 420 Wisconsin Street and 210 Arkansas Street in San Francisco, California, together with related facilities, fixtures and appurtenances.

EXHIBIT B

FUNDING REQUISITION  
FOR MORTGAGE LOAN FUND DRAWS

Date: \_\_\_\_\_

Project: \_\_\_\_\_  
Requisition No. \_\_\_\_\_

Dear Trustee:

All terms used in this Funding Requisition have the meanings given to them in the Loan Agreement dated as of July 1, 2017 (the "Loan Agreement"), among the undersigned Related/Mariposa Development Co., LP, as borrower, U.S. Bank National Association, as trustee, and the City and County of San Francisco (the "City"), relating to the City's Variable Rate Multifamily Housing Revenue Bonds (1601 Mariposa Apartments), 2017 Series B, or if not defined therein, in the related Indenture:

1. Amount due and to be distributed from Tax-Exempt Account of Mortgage Loan Fund: \$\_\_\_\_\_.

Amount due and to be distributed from Taxable Account of Mortgage Loan Fund:  
\$\_\_\_\_\_

2. The undersigned hereby represents that:

(a) each obligation to which the amount specified above relates has been properly incurred in connection with the Project being financed with the proceeds of the Mortgage Loan, is a reimbursable cost of the Project properly chargeable against the Mortgage Loan Fund and has not been the basis of any previous disbursement, and is not the basis of any pending Funding Requisition;

(b) each obligation to be paid from the Tax-Exempt Account of the Mortgage Loan Fund is for a Qualified Project Cost and is not for Costs of Issuance;

(c) the expenditure of the amount specified above, when added to all previous disbursements from the Mortgage Loan Fund, will result in all such disbursements having been used to pay or reimburse the Borrower for costs of the Project;

(d) none of the amounts disbursed from the Tax-Exempt Account of the Mortgage Loan Fund (including investment earnings thereon) will be used to provide an airplane, a skybox or any other private luxury box, any facility primarily used for gambling, health club facility or any store the principal business of which is the sale of alcoholic beverages for consumption off premises;

(e) the Regulatory Agreement is in full force and effect and no default has occurred thereunder; and

(f) this Funding Requisition is submitted for payment of the costs of the Project set forth on Schedule A hereto and not for Costs of Issuance.



(g) with respect to previous requisitions for which funds were disbursed to third parties, such third parties were paid within five Business Days of the receipt by the Borrower of such funds in accordance with Section 4.2(e) of the Loan Agreement.

3. Funds shall be disbursed as described in Schedule A for the following purposes: (a) to the Borrower only in reimbursement of expenditures made subsequent to sixty days before February 27, 2015 (in the case of funds disbursed from the Tax-Exempt Account of the Mortgage Loan Fund), other than "preliminary expenditures," within the meaning of U.S. Treasury Regulations Section 1.150-2, up to 20% of the aggregate principal amount of the Tax-Exempt Bonds; (b) to the third parties identified in Schedule A for costs incurred by the Borrower but not yet paid; or (c) to the Bank for amounts required to be paid to the Bank under the Reimbursement Agreement, but not yet paid.

Attached to this Funding Requisition is a summary of the invoices itemizing the expenditures for which the Borrower is submitting this Funding Requisition. Funds deposited with the Borrower for further disbursement to third parties shall be paid to such third parties by check dated the date of such deposit, and the Borrower reasonably expects such funds will be disbursed from its account within five Business Days of such deposit.

RELATED/MARIPOSA DEVELOPMENT CO., LP,  
a Delaware limited partnership

By: Mariposa Housing Partners GP LLC,  
a California limited liability company,  
its Managing General Partner

By: Turk Street, Inc.,  
a California nonprofit public benefit  
corporation,  
its Sole Member

By: \_\_\_\_\_  
Donald S. Falk,  
Chief Executive Officer

By: Mariposa Holdco, LLC,  
a Delaware limited liability company,  
its Administrative General Partner

By: \_\_\_\_\_  
William A. Witte,  
Executive Vice President

The undersigned approves the funding of this Requisition, as of the date first above written, and is not guarantying the truthfulness of the Borrower's statements contained herein.

\_\_\_\_\_, as servicer

By \_\_\_\_\_  
Its \_\_\_\_\_