File No. 240336 **Committee Item No.** 18
Board Item No. 31

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee **Date** April 24, 2024
Board of Supervisors Meeting **Date** April 30, 2024

Cmte Board

Cmte	Board	
☐	☐	**Motion**
☒	☒	**Resolution**
☐	☐	**Ordinance**
☐	☐	**Legislative Digest**
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☒	☒	**Introduction Form**
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☐	☐	**MOU**
☐	☐	**Grant Information Form**
☐	☐	**Grant Budget**
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☒	☒	**Contract/Agreement**

- **Draft Funding Loan Agreement**
- **Draft Project Loan Agreement**
- **Draft Assignment of Deed of Trust**
- **Draft Regulatory Agreement**

☒	☒	**Form 126 – Ethics Commission**
☐	☐	**Award Letter**
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OTHER **(Use back side if additional space is needed)**

☒	☒	CDLAC Resolution No. 23-624 12/6/2023
☒	☒	TEFRA Hearing Notice 1/8/2024
☒	☒	Notice of TEFRA Publication 1/17/2024
☒	☒	TEFRA Publication Certification 1/17/2024
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☒	☒	Project Description
☒	☒	Public Disclosure Report
☒	☒	MOHCD Presentation 4/24/2024
☐	☐	

Completed by: Brent Jalipa **Date** April 19, 2024
Completed by: Brent Jalipa **Date** April 25, 2024

[Multifamily Housing Revenue Note - 2550 Irving Associates, L.P. - Not to Exceed $63,846,000]

Resolution authorizing the execution and delivery of a multifamily housing revenue note in one or more series in an aggregate principal amount not to exceed $63,846,000 for the purpose of providing financing for the construction of a 90-unit multifamily rental housing project known as "2550 Irving"; approving the form of and authorizing the execution of a funding loan agreement, providing the terms and conditions of the loan from the funding lender to the City, and the execution and delivery of the note; approving the form of and authorizing the execution of a project loan agreement providing the terms and conditions of the loan from the City to the borrower; approving the form of and authorizing the execution of an assignment of deed of trust and loan documents; approving the form of and authorizing the execution of a regulatory agreement and declaration of restrictive covenants; authorizing the collection of certain fees; approving modifications, changes and additions to the documents; ratifying and approving any action heretofore taken in connection with the back-to-back loans, the note and the project; granting general authority to City officials to take actions necessary to implement this Resolution, as defined herein; and related matters, as defined herein.

WHEREAS, The Board of Supervisors of the City and County of San Francisco (the "Board") desires to provide for the financing of a portion of the costs of the construction by 2550 Irving Associates, L.P. (the "Borrower"), of a 90-unit residential rental development project located at 2550 Irving Street, San Francisco, California 94122, known as "2550 Irving" (the "Project"), to provide housing for persons and families of low income through the

issuance of a multifamily housing revenue note in one or more series which may be taxable or tax-exempt (collectively, the "Note"); and

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

WHEREAS, On December 6, 2023, the California Debt Limit Allocation Committee ("CDLAC") in its Resolution Number 23-266, allocated an amount not to exceed $51,846,000 (the "Allocation Amount") in qualified private activity bond volume cap to the Project; and

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

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

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

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

WHEREAS, The City has engaged Squire Patton Boggs (US) LLP and Amira Jackmon, Attorney at Law, as co-special counsel with respect to the Note ("Co-Special Counsel"); and

WHEREAS, Bank of America, N.A. (or an affiliate thereof) (the "Funding Lender") has expressed its intention to make the funding loan, to be evidenced by the Note, to the City;

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

WHEREAS, On January 8, 2024, the City caused a notice to be published in the Notices section of the Mayor's Office of Housing and Community Development ("MOHCD") website (at https://sfmohcd.org/notices-0) stating that a public hearing with respect to the issuance of the Note would be held by MOHCD on January 17, 2024; and

WHEREAS, MOHCD held the public hearing described above on January 17, 2024, and an opportunity was provided for persons to comment on the issuance of the Note and the Project; and

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

WHEREAS, This Board of Supervisors is the elected legislative body of the City and is the applicable elected representative authorized to approve the issuance of the Note within the meaning of Section 147(f) of the Code; and

WHEREAS, The City now wishes to approve the issuance of the Note in order to satisfy the public approval requirements of Section 147(f) of the Code; now, therefore, be it

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

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

Section 2. Approval of Execution and Delivery of Note. This Board of Supervisors, as the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located, hereby approves the issuance of the Note for purposes of Section 147(f) of the Code. In accordance with the Act and the Funding Loan Agreement, the City is hereby authorized to execute and deliver a note or notes in one or more series designated as "City and County of San Francisco Multifamily Housing Revenue Note (2550 Irving), Series 2024C" or such other or with such additional designation as may be necessary or appropriate to distinguish such series from every other series of bonds or notes, in an aggregate principal amount not to exceed $63,846,000, provided that any tax-exempt portion of the Note shall not exceed the Allocation Amount, with an interest rate not to exceed twelve percent (12%) per annum for the Note, and which shall have a final maturity date not later than forty (40) years from the date of execution and delivery of the Note. The Note shall be in the form set forth in and otherwise in accordance with the Funding Loan Agreement and shall be executed by the manual or facsimile signature of the Mayor of the City (the "Mayor").

Section 3. Approval of Funding Loan Agreement. The Funding Loan Agreement (the "Funding Loan Agreement") in the form presented to the Board, a copy of which is on file with the Clerk of the Board, is hereby approved. The Funding Loan Agreement shall be entered into by and among the City, the Funding Lender and a fiscal agent to be named therein, as Fiscal Agent (the "Fiscal Agent"). Each of the Mayor, the Director (the "Director") of MOHCD, the Deputy Director of Housing of MOHCD, and any other Authorized Governmental Lender Representative (as such term is defined in the Funding Loan Agreement), acting individually or collectively (each, an "Authorized City Representative") is hereby authorized to execute the Funding Loan Agreement, approved as to form by the City Attorney of the City (the "City Attorney"), in substantially said form, together with such

additions thereto and changes therein as the City Attorney and Co-Special Counsel may approve or recommend in accordance with Section 7 hereof.

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

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

Section 6. Issuer Fees. The City, acting through MOHCD, shall charge a fee for monitoring the restricted units in the Project in an amount not to exceed 0.125% of the average outstanding aggregate principal amount of the Notes in the previous twelve (12) months, but no less than $2,500 annually, from completion of construction through the term of, and as adjusted as provided in, the Regulatory Agreement. The annual monitoring fee due

during the construction period shall be payable at funding loan closing. The Board hereby authorizes MOHCD to charge and collect the fees described in this section.

Section 7. Modifications, Changes, Additions. Any Authorized City Representative executing the City Documents, in consultation with the City Attorney and Co-Special Counsel, is hereby authorized to approve and make such modifications, amendments, changes or additions to the City Documents as may be necessary or advisable, provided that such modification does not authorize an aggregate principal amount of the Note in excess of $63,846,000 or an aggregate principal amount of the tax-exempt portion of the Note in excess of the Allocation Amount, provide for a final maturity of the Note later than forty (40) years from the date of execution and delivery thereof, or provide for the Note to bear interest at a rate in excess of twelve percent (12%) per annum. The approval of any modification, addition or change to any of the aforementioned documents shall be evidenced conclusively by the execution and delivery of the document in question.

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

Section 9. General Authority. The proper officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements (including such agreements to provide adequate or additional security or indemnities as required by lenders to consummate the financing) and other documents and amendments, including but not limited to those documents described in the City Documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful execution and delivery of the Note and to effectuate the purposes thereof and of the City Documents. Any such

actions are solely intended to further the purposes of this Resolution, and are subject in all respects to the terms of the Resolution. No such actions shall increase the risk to the City or require the City to spend any resources not otherwise contemplated herein. Final versions of such documents shall be provided to the Clerk of the Board for inclusion in the official file within 30 days of execution by all parties.

Section 10. File. All documents referenced herein as being on file with the Clerk of the Board are located in File No. 240336, which is hereby declared to be a part of this Resolution as if set forth fully herein.

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

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: /s/ Kenneth D.Roux
Kenneth D. Roux
Deputy City Attorney

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FUNDING LOAN AGREEMENT

among

BANK OF AMERICA, N.A.,
as Funding Lender

CITY AND COUNTY OF SAN FRANCISCO,
as Governmental Lender

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Fiscal Agent

Relating to

2550 Irving
2550 Irving, San Francisco, California

Maximum Tax-Exempt Project Loan Principal Amount: $51,846,000
Maximum Taxable Project Loan Principal Amount: $[23,182,716]

Dated as of May 1, 2024

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FUNDING LOAN AGREEMENT

THIS FUNDING LOAN AGREEMENT (this "**Funding Loan Agreement**"), is made and entered into as of May 1, 2024, by and among **BANK OF AMERICA, N.A.**, a national banking association, in its capacity as Funding Lender (the "**Funding Lender**"), the **CITY AND COUNTY OF SAN FRANCISCO** (the "**Governmental Lender**"), a municipal corporation organized and existing under the laws of the State of California (the "**State**"), and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, as Fiscal Agent (the "**Fiscal Agent**"). Capitalized terms are defined in Section 1.01 of this Funding Loan Agreement.

RECITALS

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

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

C. Pursuant to the Act and the Project Loan Agreement dated as of May 1, 2024 (the "**Project Loan Agreement**") by and among the Governmental Lender, the Fiscal Agent and 2550 Irving Associates, L.P., a limited partnership duly organized and existing under the laws of the State (the "**Borrower**"), the Governmental Lender is agreeing to make mortgage loans to the Borrower in the maximum principal amount of $51,846,000 (tax-exempt) and $**[**23,182,716**]** (taxable) (collectively, the "**Project Loans**") to provide for the financing of a multifamily rental housing development located at 2550 Irving Street in San Francisco, California, and known as the "2550 Irving" apartments (the "**Project**").

D. The Governmental Lender is making the Project Loans to the Borrower with the proceeds received from the separate tax-exempt loan made to the Governmental Lender pursuant to this Funding Loan Agreement in the maximum aggregate principal amount of $51,846,000 (the "**Tax-Exempt Funding Loan**") and the taxable loan in the maximum aggregate principal amount of $**[**23,182,716**]** (the "**Taxable Funding Loan**", and together with the Project Loans and the Tax-Exempt Funding Loan, the "**Loans**"). The Tax-Exempt Funding Loan is evidenced by the Tax-Exempt Governmental Note dated the Delivery Date in the form attached hereto as Exhibit A-1 (together with all riders and addenda thereto, the "**Tax-Exempt Governmental Note**") delivered by the Governmental Lender to the Funding Lender and the Taxable Funding

Loan is evidenced by the Taxable Governmental Note dated the Delivery Date in the form attached hereto as Exhibit A-2 (together with all riders and addenda thereto, the "**Taxable Governmental Note**", and together with the Tax-Exempt Governmental Note, the "**Governmental Notes**") delivered by the Governmental Lender to the Funding Lender.

E. The Funding Lender, pursuant to the terms and subject to the conditions of this Funding Loan Agreement and the Continuing Covenant Agreement, has agreed to originate and fund the Tax-Exempt Funding Loan and the Taxable Funding Loan (together, the "**Funding Loans**") to the Governmental Lender on a draw-down basis, which proceeds of the Funding Loans will be used by the Governmental Lender to fund the Project Loans to the Borrower in corresponding installments pursuant to the Project Loan Agreement. The Funding Lender will administer the Loans in accordance with the Continuing Covenant Agreement and the other Financing Documents.

F. The Borrower has agreed to use the proceeds of the Project Loans to finance the construction of the Project and to pay certain closing costs with respect to the Loans.

G. The Borrower's repayment obligations in respect of the Project Loans will be evidenced by a Tax-Exempt Promissory Note and a Taxable Promissory Note, each dated the Delivery Date (together with all riders and modifications thereto, the "**Project Notes**") delivered to the Governmental Lender, which Project Notes will be endorsed by the Governmental Lender to the Fiscal Agent as security for the Funding Loans.

H. To secure the Borrower's obligations under the Project Notes, the Borrower will execute and deliver to the Governmental Lender a Leasehold Construction Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of the date hereof (the "**Security Instrument**") with respect to the Project, which Security Instrument will be assigned by the Governmental Lender to the Fiscal Agent as security for the Funding Loans.

I. The Governmental Lender has determined that all things necessary to incur the Funding Loans and to execute and deliver the Governmental Notes, when executed by the Governmental Lender and authenticated by the Fiscal Agent and issued in accordance with this Funding Loan Agreement, as valid, binding and legal limited obligations of the Governmental Lender and to constitute this Funding Loan Agreement a valid lien on the properties, interests, revenues and payments herein pledged to the payment of the principal of, Prepayment Premium, if any, and interest on, the Governmental Notes, have been duly taken, and the execution and delivery of this Funding Loan Agreement and the execution and delivery of the Governmental Notes, subject to the terms of this Funding Loan Agreement, have in all respects been duly authorized.

J. The Governmental Lender is entering into this Funding Loan Agreement and the Project Loan Agreement solely as a "conduit issuer" and the Funding Loans and the Governmental Notes will be limited obligations of the Governmental Lender as described in Section 2.03 hereof.

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

NOW, THEREFORE, in consideration of the premises and of the origination and funding of the Funding Loans by the Funding Lender, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 ***Definitions.*** The terms used in this Funding Loan Agreement (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Funding Loan Agreement and of any amendment or supplement hereto shall have the respective meanings specified below. Terms used herein not otherwise defined shall have the respective meanings set forth in the Project Loan Agreement.

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

"Administration Fund" means the Administration Fund established by the Fiscal Agent pursuant to Section 4.01 hereof.

"Advance Request" shall mean a request by the Borrower to the Funding Lender that the Funding Lender disburse proceeds of the Funding Loans to the Fiscal Agent as provided hereunder, which request shall be in the form prescribed by the Continuing Covenant Agreement.

"Advance Termination Date" means the earliest to occur of (i) the date when the sum of the aggregate advances of the Funding Loans made by the Funding Lender equals the Authorized Amount, (ii) December 31, 2027 (with respect to the Tax-Exempt Funding Loan), (iii) the date of a Determination of Taxability, with respect to the Tax-Exempt Funding Loan or (iv) the occurrence of an Event of Default hereunder.

"Assignment" means the Assignment of Security Instrument dated as of the date hereof by the Governmental Lender assigning its interest in the Security Instrument to the Fiscal Agent.

"Authorized Amount" shall mean $75,028,716, that being the sum of the maximum principal amount of the Tax-Exempt Funding Loan ($51,846,000) and the Taxable Funding Loan ($**[**23,182,716**]**) authorized under this Funding Loan Agreement.

"Authorized Officer" means (a) when used with respect to the Governmental Lender, the Mayor, the Director of the Mayor's Office of Housing and Community Development, the Director of Housing Development and the Deputy Director of the Mayor's Office of Housing and Community Development of the Governmental Lender and such additional Person or Persons, if any, duly designated by the Governmental Lender in writing to act on its behalf, as evidenced by a written certificate furnished to the Funding Lender, the Fiscal Agent and the Borrower containing the specimen signature of such person and signed on behalf of the Governmental Lender by an Authorized Officer, which certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of the Authorized Officer; (b) when used with respect to the Borrower, any general partner of the Borrower and such additional Person or Persons, if any, duly designated by the Borrower in writing to act on its behalf, (c) when used with respect to the Fiscal

Agent, any authorized signatory of the Fiscal Agent, or any Person who is authorized in writing to take the action in question on behalf of the Fiscal Agent, (d) when used with respect to the Servicer, any Person or Persons duly designated by the Servicer in writing to act on its behalf, and (e) when used with respect to the Funding Lender Representative, any Person who is authorized in writing to take the action in question on behalf of the Funding Lender Representative.

"*Bankruptcy Code*" means Title 11 of the United States Code entitled "Bankruptcy," as now and hereafter in effect, or any successor federal statute.

"*Bond Counsel*" means (a) on the Delivery Date, the law firm or law firms delivering the approving opinion(s) with respect to the Governmental Notes, or (b) any other firm of attorneys selected by the Governmental Lender that is experienced in matters relating to the issuance of obligations by states and their political subdivisions that is listed as municipal bond attorneys in The Bond Buyer's Municipal Marketplace and is acceptable to the Funding Lender Representative.

"*Borrower*" means 2550 Irving Associates, L.P., a limited partnership duly organized and existing under the laws of the State, or any of its permitted successors or assigns, as owner of the Project.

"*Borrower Equity Account*" means the Borrower Equity Account of the Project Loan Fund established by the Fiscal Agent pursuant to Section 2.11 hereof.

"*Borrower Equity Deposit*" means $**[___]**, which shall be comprised of sources other than the proceeds of the Tax-Exempt Project Loan.

"*Business Day*" means any day other than (a) a Saturday or a Sunday, or (b) a day on which (i) banking institutions in the City of New York or in the city in which the Principal Office of the Fiscal Agent is located are authorized or obligated by law or executive order to be closed or (ii) the New York Stock Exchange is closed.

"*Certificate of the Governmental Lender*" and "*Request of the Governmental Lender*" mean, respectively, a written certificate or request signed in the name of the Governmental Lender by an Authorized Officer of the Governmental Lender or such other Person as may be designated and authorized to sign for the Governmental Lender. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"*Code*" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"*Continuing Covenant Agreement*" means the Construction Disbursement Agreement, dated as of the date hereof, by and between the Borrower and the Funding Lender, as the same may be amended, modified or supplemented from time to time.

"*Construction Loan Documents*" means the Construction Disbursement Agreement, the Continuing Covenant Agreement, and all other documents to be executed and delivered by Borrower to the Funding Lender in connection with the Project.

"Cost," "Costs" or *"Costs of the Project"* means costs paid with respect to the Project that (i) are properly chargeable to a capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general federal income tax principles and in accordance with United States Treasury Regulations Section 1.103-8(a)(1), (ii) are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) are paid after the earlier of (A) 60 days prior to the date of a resolution of the Governmental Lender to reimburse costs of the Project with proceeds of the Tax-Exempt Funding Loan or (B) the Delivery Date, and (iv) if the Costs of the Project were previously paid and are to be reimbursed with proceeds of the Loans such costs were (A) costs of issuance of the Governmental Note, (B) preliminary capital expenditures (within the meaning of United States Treasury Regulations Section 1.150-2(f)(2)) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of acquisition, construction or rehabilitation of the Project that do not exceed twenty percent (20%) of the issue price of the Tax-Exempt Governmental Note (as defined in United States Treasury Regulations Section 1.148-1), or (C) were capital expenditures with respect to the Project that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditure is paid); provided however, that if any portion of the Project is being constructed or developed by the Borrower or an affiliate (whether as a developer, a general contractor or a subcontractor), "Cost," "Costs" or "Costs of the Project" shall include only (a) the actual out-of-pocket costs incurred by the Borrower or such affiliate in developing or constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Borrower or such affiliate (but excluding any profit component) and (c) any overhead expenses incurred by the Borrower or such affiliate which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the acquisition, construction, rehabilitation or development of the Project or payments received by such affiliate due to early completion of the Project (or any portion thereof). Costs of the Project shall not include Costs of Issuance.

"Cost of Issuance Fund" means the Cost of Issuance Fund established by the Fiscal Agent pursuant to Section 4.01 hereof.

"Costs of Issuance" means, as applicable, (i) the fees (excluding ongoing fees), costs and expenses of (a) the Governmental Lender, the Governmental Lender's counsel and the Governmental Lender's financial advisor, (b) Bond Counsel, (c) the Fiscal Agent and the Fiscal Agent's counsel, (d) the Funding Lender and the Funding Lender's counsel, (e) **[**Reserved**]**, (f) **[**Reserved**]**, and (g) the Borrower's counsel attributable to the funding of the Loans and the Borrower's financial advisor, if any, and (ii) all other fees, costs and expenses directly associated with the Funding Loans and the Project Loans, including, without limitation, printing costs, costs of reproducing documents, filing and recording fees.

"Costs of Issuance Deposit" means the deposit to be made by the Borrower with the Fiscal Agent on the Delivery Date, which deposit shall equal $**[_____]** and shall be comprised of sources other than the proceeds of the Tax-Exempt Project Loan.

"Default Rate" means the lower of (i) the Interest Rate, otherwise in effect notwithstanding the default plus four percent (4%) per annum or (ii) the Maximum Interest Rate.

"Delivery Date" means May __, 2024, the date of funding of the initial advance of the Funding Loans and the delivery of the Governmental Notes by the Governmental Lender to the Funding Lender.

"Determination of Taxability" shall mean, (a) a determination by the Commissioner or any District Director of the Internal Revenue Service, (b) a private ruling or Technical Advice Memorandum issued by the National Office of the Internal Revenue Service in which Governmental Lender and Borrower were afforded the opportunity to participate, (c) a determination by any court of competent jurisdiction, (d) the enactment of legislation ,(e) receipt by Fiscal Agent or Funding Lender Representative, at the request of Governmental Lender, Borrower, Fiscal Agent or Funding Lender Representative, of an opinion of Bond Counsel, in each case to the effect that the interest on the Governmental Note may no longer be excludable from gross income for federal income tax purposes of the Funding Lender or any former Funding Lender other than a Funding Lender who is a "substantial user" of the Project or a "related person" (as such terms are defined in Section 147(a) of the Code); provided, however, that no such Determination of Taxability under clause (a) or (c) shall be deemed to have occurred if the Governmental Lender (at the sole expense of the Borrower) or the Borrower is contesting such determination, has elected to contest such determination in good faith and is proceeding with all applicable dispatch to prosecute such contest until the earliest of (i) a final determination from which no appeal may be taken with respect to such determination, (ii) abandonment of such appeal by the Governmental Lender or the Borrower, as the case may be, or (iii) one year from the date of initial determination (provided, further, that in the event the Funding Lender is required to include the interest paid on the Tax-Exempt Governmental Note in its income taxes during the pendency of such contest, the Borrower shall be obligated to reimburse the Funding Lender for the amount of tax liability, including interest and penalties, incurred by the Funding Lender).

"Electronic Notice" means delivery of notice in a Word format or a Portable Document Format (PDF) by electronic mail to the electronic mail addresses listed in Section 11.04 hereof; provided, that if a sender receives notice that the electronic mail is undeliverable, notice must be sent as otherwise required by Section 11.04 hereof.

"Event of Default" or *"event of default"* means any of those events specified in and defined by the applicable provisions of Article VI hereof to constitute an event of default.

"Extraordinary Fiscal Agent's Fees and Expenses" means all those fees, expenses and reimbursements earned or incurred by the Fiscal Agent as described under Section 7.06 hereof during any Rebate Year for Extraordinary Services, as set forth in a detailed invoice to the Borrower, the Servicer and the Funding Lender Representative.

Extraordinary Services" means and includes, but not by way of limitation, services, actions and things carried out and all expenses incurred by the Fiscal Agent, in respect of or to prevent default under this Funding Loan Agreement or the Project Loan Documents, including any reasonable attorneys' or agents' fees and expenses and other litigation costs that are entitled to reimbursement under the terms of the Project Loan Agreement, and other actions taken and carried out by the Fiscal Agent which are not expressly set forth in this Funding Loan Agreement or the Project Loan Documents.

"*Fair Market Value*" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (c) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (d) any commingled investment fund in which the Governmental Lender and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of investment. To the extent required by the Regulations, the term "investment" will include a hedge.

"*Fannie Mae*" means the Federal National Mortgage Association, a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States of America, and its successors and assigns.

"*Fee Component*" has the meaning set forth in the Project Loan Agreement.

"*Financing Documents*" means, collectively, this Funding Loan Agreement, the Governmental Notes, the Tax Certificate, the Project Loan Documents, the Construction Loan Documents and all other documents or instruments evidencing, securing or relating to the Loans, and any amendments, modifications, renewals or substitutions of any of the foregoing pursuant to their respective terms.

"*Fiscal Agent*" means U.S. Bank Trust Company, National Association, and its successors hereunder.

"*Funding Lender*" means any Person who is the holder of the Governmental Note and initially Bank of America, N.A., a national banking association.

"*Funding Lender Representative*" means the Funding Lender or any Person designated by the Funding Lender to act on behalf of the Funding Lender as provided in Section 11.05 hereof, or an assignee of such Person as provided in Section 11.05 hereof. The initial Funding Lender Representative shall be the Funding Lender.

"*Funding Loan Agreement*" means this Funding Loan Agreement, dated as of May 1, 2024, by and among the Funding Lender, the Governmental Lender and the Fiscal Agent as it may from time to time be supplemented, modified or amended pursuant to the applicable provisions hereof.

"*Funding Loans*" means, collectively, the Tax-Exempt Funding Loan and the Taxable Funding Loan.

"*Government Obligations*" means investments meeting the requirements of clause (a) or (b) of the definition of "Qualified Investments" herein.

"*Governmental Lender*" means City and County of San Francisco, a municipal corporation organized and existing under the laws of the State.

"*Governmental Lender Fee*" means the ongoing fee of the Governmental Lender in connection with the making and monitoring of the Project Loans, payable in advance on December 1 of each year, equal to the greater of (i) .125% of the of the largest aggregate outstanding amount of the Notes anticipated to be outstanding in the next twelve-month period, or (ii) $2,500; provided that the ongoing fee with respect to the Tax-Exempt Project Loan shall be waived for the first three years and shall be subject to adjustment as set forth in the Tax Certificate; and provided, further, that the ongoing fee for the first year of the Taxable Funding Loan shall be paid on the Delivery Date.

"*Governmental Notes*" means, collectively, the Taxable Governmental Note and the Tax-Exempt Governmental Note.

"*Initial Debt Service Deposit*" means an amount equal to the sum of (i) the interest payable on the Funding Loans, and (ii) the ongoing fees payable with respect to the Project Loans (as provided in Section 4.02 of the Project Loan Agreement), in each case for the period commencing on the Delivery Date to but not including the first day of the calendar month immediately succeeding the Delivery Date.

"*Initial Installment*" means $**[_____]**, being the initial advance of the Tax-Exempt Funding Loan by the Funding Lender pursuant to Section 2.01 hereof.

"*Interest Payment Date*" means (i) the first day of each calendar month, commencing June 1, 2024, (ii) the date of any prepayment of the Funding Loans, but only with respect to the portion of the Funding Loans subject to prepayment, and (iii) the Maturity Date.

"*Interest Rate*" has the meaning set forth on Exhibit F.

"*Investment Income*" means the earnings and profits derived from the investment of money pursuant to Section 4.08 hereof.

"*Loans*" means, together, the Project Loans and the Funding Loans.

"*Loan Payment Fund*" means the Loan Payment Fund established by the Fiscal Agent pursuant to Section 4.01 hereof.

"*Loan Prepayment Fund*" means the Loan Prepayment Fund established by the Fiscal Agent pursuant to Section 4.01 hereof.

"*Maturity Date*" means, with respect to the Funding Loans, **[___ _, 20_]**.

"*Maximum Interest Rate*" means the lesser of twelve percent (12%) per annum or the maximum interest rate allowed by law.

"*Moody's*" means Moody's Investors Service, Inc., its successors and assigns, if such successors and assigns continue to perform the services of a securities rating agency.

"*Net Proceeds*" when used with respect to any insurance or condemnation award, means the proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all reasonable expenses incurred in the collection of such insurance proceeds or condemnation award, including reasonable attorneys' fees.

"*No Adverse Effect Opinion*" means an opinion of Bond Counsel to the effect that the taking of the action specified therein will not impair the exclusion of interest on the Tax-Exempt Funding Loan from gross income for purposes of federal income taxation (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof).

"*Notes*" means, together, the Project Notes and the Governmental Notes.

"*Ordinary Fiscal Agent's Fees and Expenses*" means the annual administration fee for the Fiscal Agent's ordinary fees and expenses in rendering its services under this Funding Loan Agreement during each twelve-month period, which fee is equal to (and shall not exceed) $**[___]** and shall be payable annually in arrears on each June 1 commencing June 1, 2024.

"*Person*" means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a trust, an unincorporated association, a limited liability company or a government or any agency or political subdivision thereof, or any other organization or entity (whether governmental or private).

"*Pledged Security*" shall have the meaning given to that term in Section 2.02 hereof.

"*Prepayment Premium*" shall mean any premium payable hereunder in connection with a prepayment of the Tax-Exempt Funding Loan, which premium shall be, during the Prepayment Premium Period (as defined in the Tax-Exempt Project Note), an amount equal to the amount of premium, payable by the Borrower under Section 10 of the Tax-Exempt Project Note, in each case in connection with a prepayment of the Tax-Exempt Project Loan.

"*Principal Office of the Fiscal Agent*" means the office of the Fiscal Agent referenced in Section 11.04(a) hereof, or such other office or offices as the Fiscal Agent may designate in writing from time to time, or the office of any successor Fiscal Agent where it principally conducts its business of serving as Fiscal Agent under indentures or loan agreements pursuant to which municipal or governmental obligations are issued.

"*Project*" means, collectively, the leasehold interest in the land and the fee interest in the residential rental apartment units, and related fixtures, equipment, furnishings and site improvements known as the "2550 Irving" apartments, located at 2550 Irving Street in San Francisco, California, and including the real property described in the Security Instrument.

"*Project Account*" means the Project Account of the Project Loan Fund established by the Fiscal Agent pursuant to Section 2.11 hereof.

"*Project Loans*" means, collectively, the Tax-Exempt Project Loan and the Taxable Project Loan.

"Project Loan Agreement" means the Project Loan Agreement dated as of the date hereof among the Borrower, the Governmental Lender and the Fiscal Agent, as amended, supplemented or restated from time to time.

"Project Loan Documents" means the Security Instrument, the Project Notes, the Project Loan Agreement, the Tax Regulatory Agreement, the Assignment, any Subordination Agreement(s) and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Project Loan or any portion thereof.

"Project Loan Fund" means the Project Loan Fund established by the Fiscal Agent pursuant to Section 2.11 hereof.

"*Project Notes*" means, collectively, the Taxable Project Note and the Tax-Exempt Project Note.

"Qualified Investments" means any of the following if and to the extent permitted by law: (a) direct and general obligations of the United States of America; (b) obligations of any agency or instrumentality of the United States of America the payment of the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America; (c) senior debt obligations of Freddie Mac; (d) senior debt obligations of Fannie Mae; (e) demand deposits or time deposits with, or certificates of deposit issued by, the Fiscal Agent or its affiliates or any bank organized under the laws of the United States of America or any state or the District of Columbia which has combined capital, surplus and undivided profits of not less than $50,000,000; provided that the Fiscal Agent or such other institution has been rated at least "VMIG-1"/""A-1+" by Moody's or S&P which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation or collateralized pursuant to the requirements of the Office of the Comptroller of the Currency; (f) shares or units in any money market mutual fund rated "Aaa"/"AAA" by Moody's or S&P (or if a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security) (including mutual funds of the Fiscal Agent or its affiliates or for which the Fiscal Agent or an affiliate thereof serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of (A) direct obligations of the government of the United States of America, or (B) tax-exempt obligations; (g)(i) tax-exempt obligations rated in the highest short term rating category by Moody's or S&P, or (ii) shares of a tax-exempt municipal money market mutual fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, having assets of at least $100,000,000, and having a rating of "Aaa"/"AAA" by Moody's or S&P (or if a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security), for which at least 95% of the income paid to the holders on interest in such money market fund will be excludable from gross income under Section 103 of the Code, including money market funds for which the Fiscal Agent or its affiliates receive a fee for investment advisory or other services to the fund; (h) the pooled investment fund of the City and County of San Francisco; or (i) any other investments approved in writing by the Funding Lender Representative with the written consent of the Governmental Lender.

For purposes of this definition, the "highest rating" shall mean a rating of at least "VMIG-1"/"A-1+" for obligations with less than one year maturity; at least

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

"*Rating Agency*" means Moody's or S&P, as applicable, or any successor rating service thereof.

"*Rebate Analyst*" means a certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution (which may include the Fiscal Agent) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code, selected and retained by the Borrower at the expense of the Borrower, with the prior written consent of the Governmental Lender, to make the rebate computations required under this Funding Loan Agreement, the Tax Certificate and the Project Loan Agreement.

"*Rebate Fund*" means the Rebate Fund established by the Fiscal Agent pursuant to Section 4.01 hereof.

"*Rebate Year*" means each one-year period that ends at the close of business on the day in the calendar year that is selected by Borrower as indicated in the Tax Certificate. The first and last Rebate Years may be short periods. If no day is selected by Borrower before the earlier of the Maturity Date or the date that is five years after the Delivery Date, each Rebate Year ends on each anniversary of the Delivery Date and on the Maturity Date or date of earlier payment in full of the Tax-Exempt Governmental Note.

"*Requisition*" means, with respect to the Project Loan Fund, the requisition in the form of Exhibit E to this Funding Loan Agreement required to be submitted in connection with disbursements from the Project Account and/or the Borrower Equity Account of the Project Loan Fund, and with respect to the Cost of Issuance Fund, the requisition in the form of Exhibit D to this Funding Loan Agreement required to be submitted in connection with disbursements from the Cost of Issuance Fund.

"*Resolution*" means the resolution adopted by the Governmental Lender authorizing the Funding Loans, the Project Loans and the execution and delivery of the Financing Documents to which it is a party.

"*Responsible Officer*" means any officer of the Fiscal Agent employed within or otherwise having regular responsibility in connection with the corporate trust department of the Fiscal Agent and the trusts created hereunder.

"*Revenue Fund*" means the Revenue Fund established by the Fiscal Agent pursuant to Section 4.01 hereof.

"*Revenues*" means (a) all payments made with respect to the Project Loans pursuant to the Project Loan Agreement, the Project Notes or the Security Instrument, including but not limited to all casualty or other insurance benefits and condemnation awards paid in connection therewith and all payments obtained through the exercise of remedies under the Financing Documents, and

(b) all money and securities held by the Fiscal Agent in the funds and accounts established pursuant to this Funding Loan Agreement (excluding money or securities designated for deposit into and held in the Cost of Issuance Fund, the Administration Fund and the Rebate Fund), together with all investment earnings thereon.

"*S&P*" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and its successors and assigns, if such successors and assigns continue to perform the services of a securities rating agency.

"*Security Instrument*" means the Leasehold Construction Deed of Trust, with Assignment of Rents, Security Agreement and Fixture Filing (Affordable Housing - California), dated as of the date hereof, by the Borrower, granting a first priority mortgage and security interest in the Project to the Governmental Lender to secure the repayment of the Project Loan and related obligations, which Security Instrument has been assigned by the Governmental Lender to the Fiscal Agent pursuant to the Assignment as security for the Funding Loan.

"*Servicer*" means any entity appointed by the Funding Lender Representative to service the Loans and any successor in such capacity as appointed by the Funding Lender Representative pursuant to Section 3.02 of the Project Loan Agreement.

"*State*" means the State of California.

"*Subordination Agreement*" means any subordination or intercreditor agreement(s) entered into with respect to any subordinate financing related to the Project, as the same may be amended, supplemented or restated.

"*Taxable Funding Loan*" means the loan in the maximum aggregate principal amount of $**[**23,182,716**]**, made to the Governmental Lender pursuant to this Funding Loan Agreement by the Funding Lender and evidenced by the Taxable Governmental Note.

"*Taxable Governmental Note*" means the Multifamily Note dated the Delivery Date, executed by the Governmental Lender and authenticated by the Fiscal Agent in favor of the Funding Lender and evidencing the Taxable Funding Loan, in the form attached hereto as Exhibit A, as the same may be amended, restated, supplemented or otherwise modified from time to time, or any mortgage note executed in substitution therefor, as such substitute note may be amended, restated, supplemented or otherwise modified from time to time.

"*Taxable Project Loan*" *means* the loan made by the Governmental Lender to the Borrower pursuant to the Project Loan Agreement in the maximum aggregate principal amount of $**[**23,182,716**]**, as evidenced by the Taxable Project Note.

"*Taxable Project Note*" means the Promissory Note dated the Delivery Date from the Borrower, including all riders and addenda thereto, evidencing the Borrower's obligation to repay the Taxable Project Loan, which Taxable Project Note will be delivered to the Governmental Lender and endorsed by the Governmental Lender to the Fiscal Agent as security for the Taxable Funding Loan, as the same may be amended, restated, supplemented or otherwise modified from time to time, or any note executed in substitution therefor, as such substitute notes may be amended, restated, supplemented or otherwise modified from time to time.

"*Tax Certificate*" means the Tax Certificate and Agreement executed by the Governmental Lender, the Fiscal Agent and the Borrower on the Delivery Date.

"*Tax-Exempt Funding Loan*" means the loan in the maximum aggregate principal amount of $51,846,000 made to the Governmental Lender pursuant to this Funding Loan Agreement by the Funding Lender and evidenced by the Tax-Exempt Governmental Note.

"*Tax-Exempt Governmental Note*" means the Multifamily Note dated the Delivery Date, executed by the Governmental Lender and authenticated by the Fiscal Agent in favor of the Funding Lender and evidencing the Tax-Exempt Funding Loan, in the form attached hereto as Exhibit A, as the same may be amended, restated, supplemented or otherwise modified from time to time, or any mortgage note executed in substitution therefor, as such substitute note may be amended, restated, supplemented or otherwise modified from time to time.

"*Tax-Exempt Project Loan*" means the loan made by the Governmental Lender to the Borrower pursuant to the Project Loan Agreement in the maximum aggregate principal amount of $51,846,000, as evidenced by the Tax-Exempt Project Note.

"*Tax-Exempt Project Note*" means the Promissory Note dated the Delivery Date from the Borrower, including all riders and addenda thereto, evidencing the Borrower's obligation to repay the Tax-Exempt Project Loan, which Tax-Exempt Project Note will be delivered to the Governmental Lender and endorsed by the Governmental Lender to the Fiscal Agent as security for the Tax-Exempt Funding Loan, as the same may be amended, restated, supplemented or otherwise modified from time to time, or any note executed in substitution therefor, as such substitute notes may be amended, restated, supplemented or otherwise modified from time to time.

"*Tax Regulatory Agreement*" means the Regulatory Agreement and Declaration of Restrictive Covenants dated as of May 1, 2024, between the Governmental Lender and the Borrower.

"*Transferee Representations Letter*" has the meaning set forth in Section 2.08 hereof.

"*Unassigned Rights*" means all of the rights of the Governmental Lender and its directors, officers, commissioners, elected officials, attorneys, accountants, employees, agents and consultants under the Financing Documents: (a)(i) to be held harmless and indemnified, (ii) to be paid its fees and expenses and the Rebatable Arbitrage pursuant to Section 4.12 hereof, (iii) to give or withhold consent to amendments, changes, modifications and alterations, (iv) to have access to the Project and Project records, and (v) to receive notices; (b) the Governmental Lender's rights under the Tax Regulatory Agreement, including but not limited to, rights to reimbursement and payment of its fees, costs and expenses; and (c) and the right to enforce all of the foregoing, subject to Section 7.06 of the Project Loan Agreement.

"*Window Period*" means the three (3) consecutive month period prior to the Maturity Date.

Section 1.02 ***Interpretation*****.** The words "hereof," "herein," "hereunder," and other words of similar import refer to this Funding Loan Agreement as a whole and not to any particular Article, Section or other subdivision. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise

indicate. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time. References to Articles, Sections, and other subdivisions of this Funding Loan Agreement are to the designated Articles, Sections and other subdivisions of this Funding Loan Agreement as originally executed. The headings of this Funding Loan Agreement are for convenience only and shall not define or limit the provisions hereof. All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof. References to the Tax-Exempt Funding Loan as "tax exempt" or to the "tax exempt status" of the Tax-Exempt Funding Loan or to the exclusion of interest on the Tax-Exempt Funding Loan from gross income, are to the exclusion of interest on the Tax-Exempt Funding Loan (other than any portion of the Tax-Exempt Funding Loan owned by a "substantial user" of the Project or a "related person" within the meaning of Section 147 of the Code) from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

ARTICLE II

THE FUNDING LOAN

Section 2.01 ***Terms***.

(a) The total principal amount of the Funding Loans is hereby expressly limited to the Authorized Amount. The Funding Loans shall be originated and funded by the Funding Lender to the Governmental Lender in accordance with Section 2.01(b) below. The proceeds of the Funding Loans shall be deposited with the Fiscal Agent and disbursed in accordance with this Funding Loan Agreement. The Funding Loans shall be evidenced by the Governmental Notes and shall bear interest and be paid in accordance with the payment terms set forth in the Governmental Notes and this Funding Loan Agreement.

(b) The Funding Loans shall be originated by the Funding Lender on a draw-down basis. The proceeds of the Funding Loans shall be advanced by the Funding Lender in installments directly to the Fiscal Agent for deposit to the Project Account upon receipt of an Advance Request and the satisfaction of the conditions to such advance set forth in the Continuing Covenant Agreement and the form of requisition attached as Exhibit E hereto. Upon the advancement of the proceeds of the one or both of the Funding Loans in accordance with the terms hereof, the principal amount of the related Governmental Note in a principal amount equal to the amount so advanced shall be deemed to be increased automatically and without further acts on the part of the Governmental Lender or the Fiscal Agent. The Initial Installment of the Funding Loans shall be advanced by the Funding Lender and deposited in the Project Loan Fund on the Delivery Date for application as provided in Section 2.11. Thereafter, all remaining disbursements of the Funding Loan shall be drawn on the Governmental Notes, until the available credit thereunder is exhausted, but in no event shall the total of draws on the Governmental Notes in aggregate exceed the Authorized Amount. Notwithstanding anything in this Funding Loan Agreement to the contrary, no additional amounts of the Tax-Exempt Funding Loan may be drawn down and funded hereunder after the Advance Termination Date. Any extension of the Advance Termination Date shall be subject to the receipt by the Fiscal Agent of (i) the prior written consent of the Funding Lender and (ii) an opinion of Bond Counsel (which shall also be addressed to the Funding Lender

Representative) to the effect that such extension will not adversely affect the tax exempt status of the Tax-Exempt Governmental Note.

(c) The Fiscal Agent shall maintain in its books a log, which shall reflect the principal amount of the Funding Loans advanced by the Funding Lender from time to time in accordance with the provisions of Section 2.01(b) above (the "**Record of Advances**"). The principal amount due on the Governmental Notes shall be only such amount as has been advanced by the Funding Lender as reflected in the Record of Advances and not otherwise prepaid pursuant to the terms of this Funding Loan Agreement. The records maintained by the Fiscal Agent in such regard will be conclusive evidence of the principal amount of the Funding Loan (absent manifest error). The Fiscal Agent shall notify the Governmental Lender and the Borrower if any advance of the proceeds of the Funding Loan is not made by the Funding Lender when due hereunder pursuant to Section 2.01(b) above.

(d) The Funding Loans shall bear interest payable on each Interest Payment Date at the applicable Interest Rate. Interest shall accrue on the principal amount of the Funding Loan which has been advanced hereunder and is outstanding as reflected on the Record of Advances.

(e) The Funding Loans shall mature on the applicable Maturity Date, subject to scheduled monthly principal payments, and to optional and mandatory prepayment prior to maturity as provided in Article III hereof. All unpaid principal and all accrued and unpaid interest outstanding under the Funding Loans shall be due and payable on the applicable Maturity Date.

(f) Payment of principal of, Prepayment Premium, if any, and interest on the Funding Loans shall be paid by wire transfer in immediately available funds to an account within the United States of America designated by the Funding Lender (unless otherwise directed by the Funding Lender).

(g) Subject to Section 2.12 hereof, on or before the date fixed for payment, money shall be deposited with the Fiscal Agent to pay, and the Fiscal Agent is hereby authorized and directed to apply such money to the payment of, the Funding Loans, together with accrued interest thereon to the date of payment.

(h) In no contingency or event whatsoever shall the aggregate of all amounts deemed interest hereunder and charged or collected pursuant to the terms of this Funding Loan Agreement exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that such court determines the Funding Lender has charged or received interest hereunder in excess of the highest applicable rate, the Funding Lender shall apply, in its sole discretion, and set off such excess interest received by the Funding Lender against other obligations due or to become due under the Financing Documents and such rate shall automatically be reduced to the maximum rate permitted by such law.

In no event will a payment be due and payable on the Funding Loans or the Governmental Notes except to the extent such amount is due and payable under the Project Loan Agreement and the Project Notes. In the event of any conflict as to the payment terms of the Governmental Notes and the Project Notes, the terms of the Project Notes shall control and the terms of the Governmental Notes shall be deemed to be amended thereby, provided that no such amendment shall increase the obligations of the Governmental Lender under the Funding Loans or the

Governmental Notes except to the extent payable solely from the Pledged Security. Further, no such amendment shall cause the Governmental Lender's obligations hereunder and under the Governmental Notes to be other than limited obligations as set forth in Section 2.03 below.

Section 2.02 ***Pledged Security.*** To secure the payment of the principal of, premium, if any, and interest on the Funding Loans according to their tenor and effect, and the performance and observance by the Governmental Lender of all the covenants expressed or implied herein and in the Governmental Notes, and the payment and performance of all amounts and obligations of the Borrower under the Continuing Covenant Agreement, the Governmental Lender does hereby grant, bargain, sell, convey, pledge and assign a security interest, unto the Fiscal Agent, and its successors in such capacity and its and their assigns in and to the following (excepting, however, in each case, the Unassigned Rights) (said property being herein referred to as the "**Pledged Security**") for the benefit of the Funding Lender:

(a) All right, title and interest of the Governmental Lender in and to all Revenues;

(b) All right, title and interest of the Governmental Lender in and to the Project Loan Agreement, the Project Notes, the Security Instrument and the other Project Loan Documents, including all extensions and renewals of the terms thereof, if any, including, but without limiting the generality of the foregoing, the present and continuing right to receive, receipt for, collect or make claim for any of the money, income, revenues, issues, profits and other amounts payable or receivable thereunder (including all casualty insurance benefits or condemnation awards), whether payable under the above referenced documents or otherwise, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Governmental Lender or any other Person is or may become entitled to do under said documents; and

(c) Except for funds, money or securities in the Cost of Issuance Fund, the Administration Fund and the Rebate Fund, all funds, money and securities and any and all other rights and interests in property whether tangible or intangible from time to time hereafter by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder for the Funding Loans by the Governmental Lender or by anyone on its behalf or with its written consent to the Fiscal Agent, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

The pledge and assignment of and the security interest granted in the Pledged Security pursuant to this Section 2.02 for the payment of the principal of, Prepayment Premium, if any, and interest on the Governmental Notes, in accordance with their respective terms and provisions, and for the payment of all other amounts due hereunder, shall attach and be valid and binding from and after the Delivery Date. The Pledged Security so pledged and then or thereafter received by the Fiscal Agent shall immediately be subject to the lien of such pledge and security interest without any physical delivery or recording thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Governmental Lender irrespective of whether such parties have notice thereof. The Funding Lender shall have, in connection with the

security interest granted hereunder, all rights and remedies available to a secured party under the Uniform Commercial Code as enacted in the State.

The foregoing notwithstanding, if the Governmental Lender or its successors or assigns shall pay or cause to be paid to the Funding Lender in full the principal, interest and premium, if any, to become due with respect to the Funding Loans at the times and in the manner provided in Article IX hereof, and if the Governmental Lender shall keep, perform and observe, or cause to be kept, performed and observed, all of its covenants, warranties and agreements contained herein, then these presents and the estate and rights hereby granted shall, at the option of the Governmental Lender, cease, terminate and be void, and thereupon the Fiscal Agent shall cancel and discharge the lien of this Funding Loan Agreement and execute and deliver to the Governmental Lender such instruments in writing as shall be requisite to satisfy the lien hereof, and, subject to the provisions of Sections 4.11 and 4.12 hereof and Article IX hereof, reconvey to the Governmental Lender the estate hereby conveyed, and assign and deliver to the Governmental Lender any property at the time subject to the lien of this Funding Loan Agreement which may then be in its possession, except for the Rebate Fund and cash held by the Fiscal Agent for the payment of interest on and principal of the Governmental Notes; otherwise this Funding Loan Agreement to be and shall remain in full force and effect.

Section 2.03 ***Limited Obligations***. Notwithstanding anything to the contrary herein or to the contrary in any Financing Document:

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

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

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

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

Section 2.04 ***Funding Loan Agreement Constitutes Contract.*** In consideration of the origination and funding of the Funding Loans by the Funding Lender, the provisions of this Funding Loan Agreement shall be part of the contract of the Governmental Lender with the Funding Lender and any successors or assigns thereof in such capacity from time to time.

Section 2.05 ***Form and Execution*****.** The Governmental Notes shall be in substantially the form attached as Exhibit A-1 and Exhibit A-2, and shall be delivered to the holders thereof in physical form and not as book-entry bonds. The Governmental Notes shall be executed on behalf of the Governmental Lender by the manual signature of an Authorized Officer of the Governmental Lender. The signatures of individuals who were the proper officers of the Governmental Lender at the time of execution shall bind the Governmental Lender, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the delivery of the Governmental Notes or shall not have held such offices at the date of the Governmental Notes.

Section 2.06 ***Authentication*****.** The Governmental Notes shall not be valid or obligatory for any purpose or entitled to any security or benefit under this Funding Loan Agreement unless a certificate of authentication on the Governmental Notes, substantially in the form set forth in Exhibit A-1 and Exhibit A-2, shall have been duly executed by an Authorized Officer of the Fiscal Agent; and such executed certificate of authentication upon the Governmental Notes shall be conclusive evidence that the Governmental Notes have been duly executed, registered, authenticated and delivered under this Funding Loan Agreement.

Section 2.07 ***Mutilated, Lost, Stolen or Destroyed Governmental Note*****.** In the event either or both of the Governmental Notes is mutilated, lost, stolen or destroyed, the Governmental Lender shall execute and the Fiscal Agent shall authenticate a new Tax-Exempt Governmental Note substantially in the form set forth in Exhibit A-1 or the Taxable Governmental Note substantially in the form set forth in Exhibit A-2, as applicable, in exchange and substitution for and upon cancellation of the mutilated Tax-Exempt Governmental Note or Taxable Governmental

Note, as applicable, in lieu of and in substitution for such lost, stolen or destroyed Tax-Exempt Governmental Note or Taxable Governmental Note, upon payment by the Funding Lender of any applicable tax or governmental charge and the reasonable expenses and charges of the Governmental Lender and the Fiscal Agent in connection therewith, and in the case where the Tax-Exempt Governmental Note or Taxable Governmental Note is lost, stolen or destroyed, the filing with the Fiscal Agent of evidence satisfactory to it that the Governmental Note was lost, stolen or destroyed, and of the ownership thereof, and furnishing the Governmental Lender and the Fiscal Agent with indemnity satisfactory to each of them. In the event where the Tax-Exempt Governmental Note or Taxable Governmental Note shall have matured, instead of delivering a new Tax-Exempt Governmental Note or Taxable Governmental Note, as applicable, may pay the same without surrender thereof.

Section 2.08 ***Registration; Transfer of Funding Loan; Transferee Representations Letter*****.**

(a) The Funding Loans, as evidenced by the Governmental Notes, shall be fully registered as to principal and interest in the manner and with any additional designation as the Fiscal Agent deems necessary for the purpose of identifying the registered owner thereof. The Funding Loans, as evidenced by the Governmental Notes, shall be transferable only on the registration books of the Fiscal Agent. The Fiscal Agent shall maintain books or other records showing the name and date of registration, address and employer identification number of the registered owner of the Funding Loans, as evidenced by the Governmental Notes, and any transfers of the Funding Loans, as evidenced by the Governmental Notes, as provided herein, which books, with respect to the Tax-Exempt Funding Loan, shall be maintained by the Fiscal Agent for such purpose consistent with the registration requirements of the Code applicable to tax-exempt obligations and which shall be open to inspection by the Governmental Lender. The Funding Loans, as evidenced by the Governmental Notes, shall initially be registered to the Funding Lender.

(b) The Funding Lender may not sell or assign either or both of the Funding Loans and the Governmental Notes in whole, except to a transferee who agrees to become the "Funding Lender" under the Financing Documents and assume all of the obligations and perform all of the duties of the Funding Lender thereunder, but the Funding Lender shall have the right to sell, grant or otherwise convey participation interests in the Funding Loans or to grant a participation interest in the Funding Loan in a percentage of not less than twenty-five percent (25%) of the outstanding principal amount of the Funding Loan; provided that the Funding Loan may be transferred, or any participation interest therein granted, only to an "accredited investor" as that term is defined in Rule 501 of Regulation D under the Securities Act or a "qualified institutional buyer" as that term is defined under Rule 144A of the Securities Act (such "accredited investor" or "qualified institutional buyer" a "**Qualified Transferee**") that delivers a letter to the Governmental Lender and the Fiscal Agent substantially in the form attached hereto as Exhibit C setting forth certain representations with respect to such Qualified Transferee (the "**Transferee Representations Letter**"). Notwithstanding the preceding sentence, no Transferee Representations Letter shall be required for the Funding Lender Representative to (i) transfer the Funding Loan to any affiliate or other party related to the Funding Lender that is a Qualified Transferee or (ii) sell or transfer the Funding Loans to a special purpose entity, a trust or a custodial or similar pooling arrangement from which the Funding Loans or securitized interests therein shall not be sold or transferred except to (x) owners or beneficial owners thereof that are Qualified Transferees or (y) in

circumstances where secondary market credit enhancement is provided for such securitized interests resulting in a rating thereof of at least "A" or better. In connection with any sale, assignment or transfer of the Funding Loans, the Funding Lender shall give notice of such sale, assignment or transfer to the Fiscal Agent and the Fiscal Agent shall record such sale, assignment or transfer on its books or other records maintained for the registration of transfer of the Funding Loans, as evidenced by the Governmental Notes.

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

Section 2.09 ***[Securitization; Allocation of Funding Loan Interest.*** In accordance with the provisions of Section 2.08 hereof, the Funding Lender may transfer the Funding Loan to a Qualified Transferee in connection with the securitization of the Funding Loan, in which event the Funding Lender Representative may direct the Fiscal Agent to make all future payments with respect to the Funding Loan to the appointed master servicer for that securitization (or an account designated by such master servicer), and the Fiscal Agent shall accept such direction from the Funding Lender Representative. In the event that the Funding Lender transfers the Funding Loan to a Qualified Transferee in accordance with the provisions of Section 2.08 hereof, the Funding Lender Representative may also give notice to the Fiscal Agent that the Funding Lender has agreed to allow the Servicer to retain a portion of the monthly interest payable on the Funding Loan as additional compensation for the servicing of the Funding Loan ("**Additional Servicing Fee**"), which Additional Servicing Fee will equal no more than an annual two (2) basis points with respect to the unpaid principal balance of the Governmental Note, in which event the Fiscal Agent shall accept and pay to the Funding Lender such lesser amount of interest received from the Servicer and shall consider such payment to be in full compliance with the terms of the Governmental Note, the Project Note and all other Financing Documents with regard to the interest owed on the Funding Loan.**]**

Section 2.10 ***Funding Loan Closing Conditions; Delivery of Governmental Note.*** Closing of the Funding Loans on the Delivery Date shall be conditioned upon, and the Governmental Lender shall only execute and deliver to the Fiscal Agent, and the Fiscal Agent shall only authenticate the Governmental Notes and deliver the Governmental Notes to the Funding Lender upon satisfaction of the following conditions, in the sole discretion of the Governmental Lender or the Funding Lender, as applicable:

(a) Receipt by the Funding Lender and the Governmental Lender of executed counterparts of this Funding Loan Agreement, the Project Loan Agreement, the Tax Regulatory Agreement and the Tax Certificate;

(b) Receipt by the Funding Lender and the Governmental Lender of an opinion of counsel to the Governmental Lender to the effect that the Governmental Lender is duly organized and existing under the laws of the State and has duly authorized, executed and delivered this Funding Loan Agreement, the Governmental Notes and the other Financing Documents to which it is a party, and such documents are valid and binding special, limited

obligations of the Governmental Lender enforceable in accordance with their terms subject to customary exceptions;

(c) Receipt by the Fiscal Agent of the initial advance of the proceeds of the Funding Loans by the Funding Lender in the amount of the Initial Installment set forth in Section 2.01(b) hereof;

(d) Receipt by the Fiscal Agent of the executed Project Notes and an endorsement of each of the Project Notes by the Governmental Lender in favor of the Fiscal Agent;

(e) Receipt by the Funding Lender of a copy of the executed Security Instrument, the Assignment, and the Continuing Covenant Agreement;

(f) Receipt by the Funding Lender and the Governmental Lender of an opinion of counsel to the Borrower to the effect that the Borrower is duly organized and validly existing and in good standing under the laws of the state in which it has been organized and in good standing under the laws of each other state in which the Borrower transacts business and has full power and authority to enter into the Financing Documents to which it is a party, that its execution and delivery of and performance of its covenants in such documents do not contravene law or any provision of any other documents to which it is a party or by which it or such property is bound or affected, and that all such agreements have been duly authorized, executed and delivered by the Borrower, and are legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms;

(g) Receipt by the Funding Lender and the Governmental Lender of a customary approving opinion of Bond Counsel, including but not limited to an opinion to the effect that the Governmental Notes have been executed and delivered by the Governmental Lender and constitutes a valid and binding special limited obligation of the Governmental Lender, that this Funding Loan Agreement has been executed and delivered by the Governmental Lender and constitutes a valid and binding obligation of the Governmental Lender, subject to customary expectations and the interest on the Tax-Exempt Governmental Note, under laws in effect on the date of such opinion, is excluded from gross income for federal income tax purposes and, where applicable, for State income tax purposes;

(h) Receipt by the Funding Lender of a certified copy of the Resolution;

(i) Receipt by the Fiscal Agent of the written request and authorization to the Fiscal Agent by the Governmental Lender to authenticate and deliver the Governmental Notes to the Funding Lender upon funding to the Fiscal Agent of the Initial Installment of the Funding Loans;

(j) Receipt by the Fiscal Agent of the amounts specified in Section 2.11 of this Funding Loan Agreement and Section 3.03 of the Project Loan Agreement;

(k) Receipt by the Fiscal Agent and the Governmental Lender of a Transferee Representations Letter from the Funding Lender substantially in the form attached hereto as Exhibit C;

(l) Delivery into escrow of all amounts required to be paid in connection with the origination of the Project Loans and the Funding Loans and any underlying real estate transfers or transactions, including the Costs of Issuance Deposit, in accordance with Section 3.03 of the Project Loan Agreement, and delivery of the Borrower Equity Deposit into the Borrower Equity Account pursuant to Section 2.11(c) hereof;

(m) Receipt by the Funding Lender and the Governmental Lender of an Opinion of Bond Counsel to the effect that the Governmental Notes are exempt from registration under the Securities Act of 1933, and this Funding Loan Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended; and

(n) Receipt by the Funding Lender and the Governmental Lender of any other documents or opinions that Funding Lender or Bond Counsel may require.

Section 2.11 ***Establishment of Project Loan Fund; Application of Funding Loan Proceeds and Other Money***.

(a) The Fiscal Agent shall establish, maintain and hold in trust and there is hereby established with the Fiscal Agent a Project Loan Fund and therein a Project Account (with a Tax-Exempt Project Subaccount and a Taxable Project Subaccount therein) and a Borrower Equity Account. No amount shall be charged against the Project Loan Fund except as expressly provided in this Section 2.11 and Section 4.02 hereof.

(b) The proceeds of the Funding Loans shall be delivered by the Funding Lender to the Fiscal Agent on behalf of the Governmental Lender in the Initial Installment on the Delivery Date and thereafter on a drawdown basis as provided for in Section 2.01(b) hereof. Upon receipt, the Fiscal Agent shall deposit such proceeds to the credit of the applicable Subaccount of the Project Account of the Project Loan Fund. Amounts in the Project Loan Fund shall be disbursed as provided in subparagraph (d) below, subject to the conditions set forth in Section 3.01 of the Project Loan Agreement. Upon the disbursement of all amounts in the Project Loan Fund, the Fiscal Agent shall close the Project Loan Fund.

(c) The Governmental Lender shall cause the Borrower to deliver from sources other than the Loans, (i) to the Fiscal Agent, on or prior to the Delivery Date, the Costs of Issuance Deposit for deposit to the credit of the Cost of Issuance Fund and the Borrower Equity Deposit for deposit to the credit of the Borrower Equity Account, and (ii) to the Servicer the Initial Debt Service Deposit. The Fiscal Agent shall also deposit in the Borrower Equity Account any additional amounts delivered from time to time to the Fiscal Agent and directed by the Borrower or Servicer to be deposited therein, excluding any proceeds of the Loans.

(d) Upon the making of the initial deposits described above in this Section 2.11, the Governmental Lender shall originate the Project Loans pursuant to the Project Loan Agreement and the Fiscal Agent shall make the initial disbursements of amounts in the Project Loan Fund to the Borrower or otherwise as provided in Section 4.02 hereof.

Section 2.12 ***Direct Loan Payments to Funding Lender; Servicer Disbursement of Fees***.

(a) Notwithstanding any provision in this Funding Loan Agreement to the contrary **[**(but subject to the last two sentences of this paragraph (a)**]**, during any period that a Servicer is engaged with respect to the Loans, the Governmental Lender and the Fiscal Agent agree that all payments of principal of, Prepayment Premium, if any, and interest on the Project Notes and all fees due hereunder and under the Project Loan Agreement shall be paid by the Borrower to the Servicer; provided, however, the Fiscal Agent shall be responsible for making the debt service and fee payments out of the Project Loan Fund as required under Section 4.02 hereof. The Servicer shall remit all payments collected from the Borrower of principal of, Prepayment Premium, if any, and interest on the Project Loans, to the Fiscal Agent. The Fiscal Agent shall remit to the Funding Lender Representative payments of principal of, Prepayment Premium, if any, and interest on the Governmental Notes and all fees due under this Funding Loan Agreement, using funds collected from the Borrower by the Servicer and remitted to the Fiscal Agent. The Servicer shall be entitled to retain its Servicing Fee (if any) collected from the Borrower and shall remit the Governmental Lender Fee to the Governmental Lender and shall remit the Ordinary Fiscal Agent's Fees and Expenses to the Fiscal Agent, together with any other amounts due to the Governmental Lender and the Fiscal Agent collected by the Servicer from the Borrower, in each case in accordance with their respective instructions and pursuant to invoices issued by the Servicer for the Governmental Lender Fee and the Ordinary Fees and Expenses of the Fiscal Agent. Any payment made in accordance with the provisions of this Section shall be accompanied by sufficient information to identify the source and proper application of such payment. The Servicer shall promptly notify the Fiscal Agent, the Funding Lender Representative and the Governmental Lender in writing of any failure of the Borrower to make any payment of principal of, Prepayment Premium, if any, and interest on the Funding Loans when due or to pay any fees due hereunder or under the Project Loan Agreement, and the Fiscal Agent and the Governmental Lender shall not be deemed to have any notice of such failure unless it has received such notice in writing. Notwithstanding any provision in this paragraph (a) to the contrary, the Funding Lender may direct from time to time draws on any Governmental Note to pay accrued but unpaid interest with respect to such Governmental Note, and such draws shall be deemed to constitute corresponding draws on the related Project Note for the payment of the corresponding interest on the Project Loan. Any such draw for the payment of interest shall be remitted directly to the payee of the applicable Governmental Note without direction from the Borrower and without collection or remittance of such draw by the Servicer or the Fiscal Agent.

(b) If either or both of the Governmental Notes is sold or transferred as provided in Section 2.08 hereof, the Funding Lender Representative shall notify the Fiscal Agent and the Borrower in writing of the name and address of the transferee.

(c) So long as payments of principal of, Prepayment Premium, if any, and interest on the Project Notes and all fees due hereunder and under the Project Loan Agreement are being made by the Borrower to the Servicer in accordance with this Section 2.12 and no Event of Default has occurred of which the Fiscal Agent has been given, or been deemed to have, notice thereof pursuant to this Funding Loan Agreement, the Fiscal Agent shall have no obligations to collect from the Borrower loan payments or fee payments pursuant to the Project Loan Agreement, except at the express written direction of the Funding Lender Representative; provided, however, the Fiscal Agent shall be responsible for making the debt service and fee payments out of the Project Loan

Fund as required under Section 4.02. Notwithstanding the foregoing, the Funding Lender Representative may elect to have the Fiscal Agent collect from the Borrower loan payments and fee payments hereunder and under the Project Loan Agreement and remit such payments in accordance with this Funding Loan Agreement upon written notice of such election to the Fiscal Agent, the Borrower and the Governmental Lender.

Section 2.13 ***[Reserved]*****.**

Section 2.14 ***Recycling Transactions*****.** Notwithstanding any provision of this Funding Loan Agreement or the Tax-Exempt Governmental Lender Note to the contrary, the Governmental Lender shall be permitted to direct any Tax-Exempt Project Note prepayments to be transferred to a custodian or trustee selected by the Governmental Lender, in lieu of application to prepay a like portion of the Tax-Exempt Governmental Lender Note, so long as the Governmental Lender simultaneously causes other funds to be applied to prepay such portion of the Tax-Exempt Governmental Lender Note. The preceding provisions shall apply only for purposes of preserving or "recycling" private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

ARTICLE III

PREPAYMENT OF THE FUNDING LOAN

Section 3.01 ***Prepayment of the Funding Loans Prior to Maturity***.

(a) **Optional Prepayment**. The Funding Loans, together with accrued interest thereon, is subject to optional prepayment by the Governmental Lender in whole or in part from the funds that the Governmental Lender received from or on behalf of the Borrower upon optional prepayment of the Project Loans in accordance with the notice and other prepayment provisions set forth in the Project Notes.

(b) **Tax-Exempt Funding Loan Mandatory Prepayment.** The Tax-Exempt Funding Loan, together with accrued interest thereon, and together with Prepayment Premium (to the extent payable under the Tax-Exempt Project Note), is subject to mandatory prepayment on any Business Day, in whole or in part as indicated below, at the earliest practicable date upon the occurrence of any of the following:

(i) in whole or in part, upon the occurrence of a mandatory prepayment of the Tax-Exempt Project Loan pursuant to the Tax-Exempt Project Note and receipt by the Fiscal Agent of a written direction by the Funding Lender Representative that the Tax-Exempt Funding Loan shall be subject to mandatory prepayment as a result thereof; or

(ii) in part, on the next Interest Payment Date that is at least ten (10) days following the completion of the construction of the Project, to the extent amounts remaining in the Tax-Exempt Subaccount of the Project Account of the Project Loan Fund are transferred to the Loan Prepayment Fund pursuant to Section 4.02(e) hereof.

(c) **Taxable Funding Loan Mandatory Prepayment.** The Taxable Funding Loan, together with accrued interest thereon, and together with Prepayment Premium (to the extent payable under the Taxable Project Note), is subject to mandatory prepayment on any Business

Day, in whole or in part as indicated below, at the earliest practicable date upon the occurrence of any of the following:

(i) in whole or in part, upon the occurrence of a mandatory prepayment of the Taxable Project Loan pursuant to the Taxable Project Note and receipt by the Fiscal Agent of a written direction by the Funding Lender Representative that the Taxable Funding Loan shall be subject to mandatory prepayment as a result thereof; or

(ii) in part, on the next Interest Payment Date that is at least ten (10) days following the completion of the construction of the Project, to the extent amounts remaining in the Taxable Subaccount of the Project Account of the Project Loan Fund are transferred to the Loan Prepayment Fund pursuant to Section 4.02(e) hereof.

Section 3.02 ***Notice of Prepayment.*** Notice of the intended prepayment of the Funding Loans shall be given by the Fiscal Agent by first class mail, postage prepaid, or by overnight delivery service, to the Funding Lender. All such prepayment notices shall be given not less than ten (10) days (not less than thirty (30) days in the case of optional prepayment) nor more than sixty (60) days prior to the date fixed for prepayment. Notices of prepayment shall state (i) the prepayment date, (ii) the prepayment amount, and (iii) the place or places where amounts due upon such prepayment will be payable.

Notice of such prepayment shall also be sent by first class mail, postage prepaid, or by overnight delivery service, to the Servicer, not later than the time of mailing of notices required by the first paragraph above, and in any event no later than simultaneously with the mailing of notices required by the first paragraph above; provided, that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of the Funding Loan.

ARTICLE IV

REVENUES AND FUNDS

Section 4.01 ***Pledge of Revenues and Assets; Establishment of Funds.***

The pledge and assignment of and the security interest granted in the Pledged Security pursuant to Section 2.02 hereof shall attach, be perfected and be valid and binding from and after the time of the closing of the Funding Loans and delivery of the Governmental Notes by the Fiscal Agent or by any Person authorized by the Fiscal Agent to deliver the Governmental Notes. The Pledged Security so pledged and then or thereafter received by the Fiscal Agent shall immediately be subject to the lien of such pledge and security interest without any physical delivery thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Governmental Lender irrespective of whether such parties have notice thereof.

In addition to the Project Loan Fund and the accounts therein established pursuant to Section 2.11 hereof, the Fiscal Agent shall establish, maintain and hold in trust the following funds and accounts, each of which is hereby established and each of which shall be disbursed and applied only as herein authorized:

(a) Revenue Fund;

(b) Loan Payment Fund;

(c) Loan Prepayment Fund;

(d) Administration Fund;

(e) Cost of Issuance Fund; and

(f) Rebate Fund.

The funds and accounts established pursuant to Section 2.11 and this Section 4.01 shall be maintained in the corporate trust department of the Fiscal Agent as segregated trust accounts, separate and identifiable from all other funds held by the Fiscal Agent. The Fiscal Agent shall, at the written direction of an Authorized Officer of the Governmental Lender, and may, in its discretion, establish such additional accounts within any Fund, and subaccounts within any of the accounts, as the Governmental Lender or the Fiscal Agent may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that Fund and its accounts, or for the purpose of complying with the requirements of the Code relating to arbitrage, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of this Funding Loan Agreement with respect to a deposit or use of money in the funds established hereunder, or result in commingling of funds not permitted hereunder.

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

Section 4.02 ***Project Loan Fund***.

(a) Deposit. The Fiscal Agent shall deposit the proceeds of the Funding Loans into the applicable Subaccount of the Project Account of the Project Loan Fund upon receipt of each advance thereof as provided in Section 2.11(b) hereof. The Fiscal Agent shall deposit the Borrower Equity Deposit into the Borrower Equity Account of the Project Loan Fund, as well as any additional amounts delivered from time to time to the Fiscal Agent and directed by the Borrower or Servicer to be deposited therein (excluding any proceeds of the Governmental Notes), as provided in Section 2.11(c) hereof.

(b) Disbursements. Amounts on deposit in the Project Loan Fund shall be disbursed from time to time by the Fiscal Agent for the purpose of paying Costs of the Project, and will be disbursed pursuant to a Requisition, except as otherwise set forth in Section 4.02(c) below. In addition, amounts in the Project Loan Fund shall be transferred to the Loan Prepayment Fund, the Rebate Fund and the Borrower at the times and in the manner provided in subsection (e) of this Section 4.02.

(c) Transfers and Requisitions. Unless the Fiscal Agent is instructed otherwise by the Funding Lender Representative, the Fiscal Agent shall automatically transfer amounts from the

Borrower Equity Account of the Project Loan Fund to the Administration Fund to pay to the appropriate party its accrued fees that are included in the Fee Component that are due and payable as set forth herein or upon receipt of an invoice, without any need for a Requisition or other written direction. Unless the Fiscal Agent is instructed otherwise by the Funding Lender, the Fiscal Agent shall automatically transfer amounts in the Borrower Equity Account of the Project Loan Fund to the Loan Payment Fund to pay interest on the Project Loans and Funding Loans without any need for a Requisition or other written direction. Except for the foregoing transfers, the Fiscal Agent shall make disbursements from the respective accounts of the Project Loan Fund only upon the receipt of Requisitions signed by an Authorized Officer of the Borrower and countersigned by an Authorized Officer of the Servicer (signifying the consent to the Requisition by the Servicer). The Fiscal Agent shall have no right or duty to determine whether any requested disbursement from the Project Loan Fund complies with the terms, conditions and provisions of the Continuing Covenant Agreement. The countersignature of the Authorized Officer of the Servicer on a Requisition shall be deemed a certification and, insofar as the Fiscal Agent and the Governmental Lender are concerned, constitute conclusive evidence, that all of the terms, conditions and requirements of the Continuing Covenant Agreement applicable to such disbursement have been fully satisfied or waived. The Fiscal Agent shall, immediately upon each receipt of a completed Requisition signed by an Authorized Officer of the Borrower and countersigned by an Authorized Officer of the Servicer, initiate procedures with the provider of a Qualified Investment to make withdrawals as necessary to fund the Requisition.

Notwithstanding anything to the contrary contained herein, no signature of an Authorized Officer of the Borrower shall be required during any period in which a default has occurred and is then continuing under the Loans or any Financing Document (notice of which default has been given in writing by the Funding Lender Representative or the Servicer to the Fiscal Agent and the Governmental Lender, and the Fiscal Agent shall be entitled to conclusively rely on any such written notice as to the occurrence and continuation of such a default).

(d) If a Requisition signed by an Authorized Officer of the Borrower and countersigned by an Authorized Officer of the Servicer or (as permitted hereunder) solely by an Authorized Officer of the Servicer, is received by the Fiscal Agent, the requested disbursement shall be paid by the Fiscal Agent as soon as practicable, but in no event later than three (3) Business Days following receipt thereof by the Fiscal Agent. Upon final disbursement of all amounts on deposit in the Project Loan Fund, including all interest accrued therein, the Fiscal Agent shall close the Project Loan Fund.

(e) Immediately prior to any mandatory prepayment of the Funding Loans pursuant to Section 3.01(b)(i) or 3.01(c)(i) hereof, any amount then remaining in the Project Loan Fund shall, at the written direction of the Funding Lender Representative, be transferred to the Loan Prepayment Fund to pay amounts due on the Funding Loans, if any. In addition, any amount remaining in the Project Account of the Project Loan Fund following completion of the construction of the Project in accordance with the Continuing Covenant Agreement, evidenced by an instrument signed by the Funding Lender Representative or the Servicer, shall be transferred to the Loan Prepayment Fund and used to prepay the Funding Loans in accordance with Section 3.01(b)(ii) or 3.01(c)(ii) hereof, unless the Fiscal Agent receives an opinion of Bond Counsel (which shall also be addressed to the Funding Lender Representative) to the effect that a use of such money for other than prepayment of the Funding Loan will not adversely affect the tax exempt status of the Tax-Exempt Governmental Note; provided, that any amounts in the Project

Account of the Project Loan Fund in excess of the amount needed to fund the related prepayment of the Funding Loans shall be transferred to the Rebate Fund to the extent required by the Tax Certificate. In the event there are funds remaining in the Borrower Equity Account following completion of the construction of the Project in accordance with the Continuing Covenant Agreement and provided no default by the Borrower exists under this Funding Loan Agreement or any Project Loan Document, such funds shall be paid by the Fiscal Agent to the Borrower at the written direction of the Funding Lender Representative or the Servicer and the Borrower Equity Account shall be closed.

(f) Amounts on deposit in the Project Loan Fund shall be invested as provided in Section 4.08 hereof. All Investment Income on amounts on deposit in the Project Loan Fund shall be retained in and credited to and become a part of the amounts on deposit in the Project Loan Fund, and shall constitute part of any transfers required by subsection (b) or (e) of this Section 4.02.

(g) **[**There is hereby created within the Borrower Equity Account a Deferred Fee Subaccount. Notwithstanding any other provision of this Funding Loan Agreement, the Fiscal Agent shall deposit any amounts delivered to the Fiscal Agent by or for the account of the Servicer or the Borrower with written instructions to deposit such amounts in the Deferred Fee Subaccount. If a Requisition signed by an Authorized Officer of the Borrower and countersigned by an Authorized Officer of the Governmental Lender is received by the Fiscal Agent, the requested disbursement shall be paid by the Fiscal Agent as soon as practicable, but in no event later than three (3) Business Days following receipt thereof by the Fiscal Agent.**]**

Section 4.03 ***Application of Revenues***.

(a) All Revenues received by the Fiscal Agent shall be deposited by the Fiscal Agent, promptly upon receipt thereof, to the Revenue Fund, except (i) the proceeds of the Funding Loans received by the Fiscal Agent pursuant to Section 2.01(b), which shall be applied in accordance with the provisions of Section 2.11 hereof; (ii) as otherwise specifically provided in subsection (c) of this Section 4.03 with respect to certain deposits into the Loan Prepayment Fund; (iii) with respect to Investment Income to the extent required under the terms hereof to be retained in the funds and accounts to which they are attributable; and (iv) with respect to amounts required to be transferred between funds and accounts as provided in this Article IV.

(b) Subject to Section 2.12 hereof, on each Interest Payment Date or any other date on which payment of principal of or interest on the Funding Loans becomes due and payable, the Fiscal Agent, out of money in the Revenue Fund, shall credit the following amounts to the following funds, but in the order and within the limitations hereinafter indicated with respect thereto, as follows:

FIRST: to the Loan Payment Fund, an amount equal to the principal of and interest due on the Funding Loans on such date; and

SECOND: to the Loan Prepayment Fund, an amount equal to the principal and interest due on the Funding Loans on such date with respect to a mandatory prepayment of all or a portion of the Funding Loans pursuant to Section 3.01(b) or 3.01(c) hereof (other than any extraordinary mandatory prepayment as described in Section 4.03(c)(i) or (iii) below).

(c) Promptly upon receipt, the Fiscal Agent shall deposit directly to the Loan Prepayment Fund (i) Net Proceeds representing casualty insurance proceeds or condemnation awards paid as a prepayment of the Project Loans, such amount to be applied to provide for the extraordinary mandatory prepayment of all or a portion of the Funding Loans pursuant to Section 3.01(b)(i) hereof; (ii) funds paid to the Fiscal Agent to be applied to the optional prepayment of all or a portion of the Fundings Loans pursuant to Section 3.01(a); and (iii) amounts transferred from the Project Loan Fund pursuant to Section 4.02(e) hereof.

(d) Subject to Section 2.12 hereof, should the amount in the Loan Payment Fund be insufficient to pay the amount due on the Funding Loans on any given Interest Payment Date, the Fiscal Agent shall credit to the Loan Payment Fund the amount of such deficiency by charging the following funds and accounts in the following order of priority: (1) the Revenue Fund; and (2) the Loan Prepayment Fund, except no such charge to the Loan Prepayment Fund shall be made from money to be used to effect a prepayment for which notice of prepayment has been provided for hereunder.

Section 4.04 ***Application of Loan Payment Fund.*** Subject to Section 2.12 hereof, the Fiscal Agent shall charge the Loan Payment Fund, on each Interest Payment Date, an amount equal to the unpaid interest and principal due on the Funding Loans on such Interest Payment Date as provided in Sections 4.03(a) and (b), and shall cause the same to be applied to the payment of such interest and principal when due. Any money remaining in the Loan Payment Fund on any Interest Payment Date after application as provided in the preceding sentence may, to the extent there shall exist any deficiency in the Loan Prepayment Fund to prepay the Funding Loans if called for prepayment on such Interest Payment Date, be transferred to the Loan Prepayment Fund to be applied for such purpose.

Any Investment Income on amounts on deposit in the Loan Payment Fund shall be deposited by the Fiscal Agent upon receipt thereof in the Revenue Fund.

No amount shall be charged against the Loan Payment Fund except as expressly provided in this Article IV and in Section 6.05 hereof.

Section 4.05 ***Application of Loan Prepayment Fund.*** Any money credited to the Loan Prepayment Fund shall be applied as set forth in Sections 4.03(b) and 4.03(c) hereof; provided, however, that to the extent any money credited to the Loan Prepayment Fund is in excess of the amount necessary to effect the prepayments described in Sections 4.03(b) and 4.03(c) hereof it shall be applied to make up any deficiency in the Loan Payment Fund on any Interest Payment Date, to the extent money then available in accordance with Section 4.03(d) hereof in the Revenue Fund is insufficient to make up such deficiency; provided that no money to be used to effect a prepayment for which a notice of prepayment has been provided shall be so transferred to the Loan Payment Fund.

On or before each Interest Payment Date, any Investment Income on amounts on deposit in the Loan Prepayment Fund shall be credited by the Fiscal Agent to the Revenue Fund.

No amount shall be charged against the Loan Prepayment Fund except as expressly provided in this Article IV and in Section 6.05 hereof.

Section 4.06 ***Administration Fund.*** Subject to Section 2.12 hereof, the Fiscal Agent shall deposit into the Administration Fund, promptly upon receipt thereof, all amounts received from the Servicer (or the Borrower if no Servicer exists for the Loans) designated for deposit into such fund, together with amounts transferred by the Fiscal Agent from the Project Loan Fund for deposit to the Administration Fund pursuant to Section 4.02. Amounts in the Administration Fund shall be withdrawn or maintained, as appropriate, by the Fiscal Agent and used **FIRST**, to pay to the Fiscal Agent when due the Ordinary Fiscal Agent's Fees and Expenses; **SECOND**, to pay to the Governmental Lender when due the Governmental Lender Fee; **THIRD**, to pay when due the reasonable fees and expenses of a Rebate Analyst in connection with the computations relating to arbitrage rebate required under this Funding Loan Agreement and the Project Loan Agreement, upon receipt of an invoice from the Rebate Analyst; **FOURTH**, to pay to the Fiscal Agent any Extraordinary Fiscal Agent's Fees and Expenses due and payable from time to time, as set forth in an invoice submitted to the Borrower and the Servicer; **FIFTH**, to pay to the Governmental Lender any extraordinary expenses it may incur in connection with the Loans or this Funding Loan Agreement from time to time, as set forth in an invoice submitted to the Fiscal Agent and the Servicer; **SIXTH**, to pay to the Funding Lender Representative any unpaid amounts due under the Continuing Covenant Agreement, as certified in writing by the Funding Lender Representative to the Fiscal Agent; **SEVENTH**, to make up any deficiency in the Loan Prepayment Fund on any prepayment date of the Funding Loans, to the extent money then available in accordance with Section 4.03(d) hereof in the Loan Prepayment Fund is insufficient to prepay the Funding Loans scheduled for prepayment on such prepayment date; and **EIGHTH**, to transfer any remaining balance after application as aforesaid to the Revenue Fund.

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

Written notice of any insufficiency, which results in the Governmental Lender not receiving the Governmental Lender Fee on the applicable due date, shall be provided by the Fiscal Agent to the Governmental Lender (with a copy to the Borrower and the Funding Lender) within 10 days of the respective due date.

If there is no Servicer (or if the Funding Lender Representative elects to have the Fiscal Agent collect loan payments and fee payments due under the Project Loan Agreement as set forth in Section 2.12 hereof), the Fiscal Agent, on behalf of the Governmental Lender, shall prepare and submit a written invoice to the Borrower for payment of the Governmental Lender Fee not later than 30 days prior to the due date for payment of the Governmental Lender Fee, and shall remit moneys received by the Borrower to the Governmental Lender for payment of such fee.

On or before each Interest Payment Date, any Investment Income on amounts on deposit in the Administration Fund not needed to pay the foregoing amounts shall be credited by the Fiscal Agent to the Revenue Fund.

No amount shall be charged against the Administration Fund except as expressly provided in this Article IV and Section 6.05 hereof.

Section 4.07 ***[Reserved]***.

Section 4.08 ***Investment of Funds.*** The money held by the Fiscal Agent shall constitute trust funds for the purposes hereof. Any money attributable to each of the funds and accounts hereunder shall be, except as otherwise expressly provided herein, invested by the Fiscal Agent, at the written direction of the Borrower (or, in the case of the Rebate Fund, as provided in Section 5.07(b)), in Qualified Investments which mature or shall be subject to prepayment or withdrawal at par without penalty on or prior to the earlier of (i) six months from the date of investment and (ii) the date such money is needed; provided, that if the Fiscal Agent shall have entered into any investment agreement requiring investment of money in any fund or account hereunder in accordance with such investment agreement and if such investment agreement constitutes a Qualified Investment, such money shall be invested in accordance with such requirements. In the absence of written direction from the Borrower, the Fiscal Agent shall invest amounts on deposit in the funds and accounts established under this Funding Loan Agreement in investments of the type described in subparagraph (g) of the definition of Qualified Investments, which shall have the same maturity and other restrictions as set forth above. Such investments may be made through the investment or securities department of the Fiscal Agent. The Fiscal Agent may purchase from or sell to itself or an affiliate, as principal or agent, securities herein authorized. The Fiscal Agent shall be entitled to assume, absent receipt by the Fiscal Agent of written notice to the contrary, that any investment which at the time of purchase is a Qualified Investment remains a Qualified Investment thereafter.

Qualified Investments representing an investment of money attributable to any fund or account shall be deemed at all times to be a part of said fund or account, and, except as otherwise may be provided expressly in other Sections hereof, the interest thereon and any profit arising on the sale thereof shall be credited to the Revenue Fund, and any loss resulting on the sale thereof shall be charged against the Revenue Fund. Such investments shall be sold at the best price obtainable (at least par) whenever it shall be necessary so to do in order to provide money to make any transfer, withdrawal, payment or disbursement from said fund or account. In the case of any required transfer of money to another such fund or account, such investments may be transferred to that fund or account in lieu of the required money if permitted hereby as an investment of money in that fund or account. The Fiscal Agent shall not be liable or responsible for any loss resulting from any investment made in accordance herewith.

The Governmental Lender acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Governmental Lender the right to receive brokerage confirmations of the security transactions as they occur, to the extent permitted by law, the Governmental Lender specifically waives compliance with 12 C.F.R. 12 and hereby notifies the Fiscal Agent hereunder, that no brokerage confirmations need be provided relating to the security transactions as they occur.

Except as otherwise provided in the following paragraph of this Section, the Governmental Lender and the Borrower (by their execution of the Project Loan Agreement) each covenant that all investments of amounts deposited in any fund or account created by or pursuant to this Funding Loan Agreement, or otherwise containing Gross Proceeds of the Tax-Exempt Funding Loan or the

Tax-Exempt Governmental Note (within the meaning of Section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Funding Loan Agreement or the Code) at Fair Market Value.

The Governmental Lender and the Borrower (by their execution of the Project Loan Agreement) each covenant that investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code and (unless valuation is undertaken at least annually) investments in any reserve fund shall be valued at their present value (within the meaning of Section 148 of the Code).

Section 4.09 ***[Reserved]*****.**

Section 4.10 ***Accounting Records.*** The Fiscal Agent shall maintain accurate books and records for all funds and accounts established by the Fiscal Agent hereunder.

Section 4.11 ***Amounts Remaining in Funds.*** After full payment of the Funding Loans (or provision for payment thereof having been made in accordance with Section 9.01 hereof) and full payment of the fees, charges and expenses of the Governmental Lender, the Fiscal Agent, the Rebate Analyst, the Funding Lender, the Funding Lende Representative, and the Servicer and other amounts required to be paid hereunder or under any Project Loan Document, including, but not limited to, the Continuing Covenant Agreement (as certified in writing to the Fiscal Agent by the Governmental Lender with respect to amounts due to the Governmental Lender and by the Funding Lender Representative or the Servicer on its behalf with respect to amounts owed under the Continuing Covenant Agreement and by the Rebate Analyst with respect to amounts due to the Rebate Analyst), any amounts remaining in any fund or account hereunder other than the Rebate Fund shall be paid to the Borrower.

Section 4.12 ***Rebate Fund; Compliance with Tax Certificate.*** The Rebate Fund shall be established by the Fiscal Agent and held and applied as provided in this Section 4.12. On any date on which any amounts are required by applicable federal tax law to be rebated to the federal government, amounts shall be deposited into the Rebate Fund by the Borrower for such purpose. All money at any time deposited in the Rebate Fund shall be held by the Fiscal Agent in trust, to the extent required to satisfy the rebate requirement (as set forth in the Tax Certificate) and as calculated by the Rebate Analyst, for payment to the government of the United States of America, and neither the Governmental Lender, the Borrower nor the Funding Lender shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section 4.12 and by the Tax Certificate. The Fiscal Agent shall conclusively be deemed to have complied with such provisions if it follows the written instructions of the Governmental Lender, Bond Counsel or the Rebate Analyst, including supplying all necessary information in the manner set forth in the Tax Certificate, and shall not be required to take any actions under the Tax Certificate in the absence of written instructions from the Governmental Lender, Bond Counsel or the Rebate Analyst.

Within 55 days of the end of each fifth Rebate Year, the Borrower shall cause the Rebate Analyst to calculate the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exceptions of Sections 148(f)(4)(B) and (C) of the Code)), for

this purpose treating the last day of the applicable Rebate Year as a (computation) date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the "**Rebatable Arbitrage**"). Pursuant to Section 2.04 of the Project Loan Agreement, the Borrower shall cause the Rebate Analyst to provide such calculations to the Fiscal Agent and the Governmental Lender. In the event that the Borrower fails to provide such information to the Fiscal Agent and the Governmental Lender within 55 days of the end of each fifth Rebate Year, the Fiscal Agent, at the expense of the Borrower, shall select the Rebate Analyst, with the prior written approval of the Governmental Lender, and shall cause the Rebate Analyst to calculate the amount of Rebatable Arbitrage as required herein.

Within 55 days of the end of each fifth Rebate Year, upon the written direction of the Governmental Lender, Bond Counsel or the Rebate Analyst, an amount shall be deposited to the Rebate Fund by the Fiscal Agent from amounts provided by the Borrower, if and to the extent required so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with the preceding paragraph.

The Fiscal Agent shall pay, as directed by the Governmental Lender, Bond Counsel or the Rebate Analyst, to the United States Department of the Treasury, out of amounts in the Rebate Fund:

(i) Not later than 60 days after the end of (A) the fifth Rebate Year, and (B) each applicable fifth Rebate Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Rebate Year; and

(ii) Not later than 60 days after the payment in whole of the Tax-Exempt Funding Loan, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Rebate Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

Each payment required to be made under this Section shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 (or such other address provided in such direction), on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, which shall be prepared by the Rebate Analyst and provided to the Fiscal Agent.

Notwithstanding any provision of this Funding Loan Agreement to the contrary, the obligation to remit payment of the Rebatable Arbitrage to the United States of America and to comply with all other requirements of Sections 2.04 and 4.03 of the Project Loan Agreement and this Section 4.12, and the requirements of the Tax Certificate shall survive the defeasance or payment in full of the Tax-Exempt Funding Loan.

Any funds remaining in the Rebate Fund after payment in full of the Tax-Exempt Funding Loan and payment and satisfaction of any Rebate Requirement, or provision made therefor satisfactory to the Fiscal Agent, shall be withdrawn and remitted to the Borrower.

The Fiscal Agent shall obtain and keep such records of the computations made pursuant to this Section 4.12 as are required under Section 148(f) of the Code to the extent furnished to the Fiscal Agent. The Borrower shall or shall cause the Rebate Analyst to provide to the Governmental Lender and the Fiscal Agent copies of all rebate computations made pursuant to this Section 4.12. The Fiscal Agent shall keep and make available to the Borrower and the Governmental Lender,

until six years after the date on which no portion of the Tax-Exempt Governmental Note is outstanding, such records concerning the investments of the gross proceeds of the Tax-Exempt Funding Loan and the investments of earnings from those investments made by the Fiscal Agent as may be requested by the Borrower in order to enable the Borrower to cause the Rebate Analyst to make the aforesaid computations as are required under Section 148(f) of the Code.

Notwithstanding the foregoing, the computations and payments of Rebatable Arbitrage need not be made to the extent that neither the Governmental Lender nor the Borrower will thereby fail to comply with any requirements of Section 148(f) of the Code based on a No Adverse Effect Opinion, a copy of which shall be provided to the Fiscal Agent and the Funding Lender Representative, at the expense of the Borrower.

Section 4.13 ***Cost of Issuance Fund.*** The Fiscal Agent shall use money on deposit to the credit of the Cost of Issuance Fund to pay the costs of issuance on the Delivery Date or as soon as practicable thereafter in accordance with a Requisition in the form of Exhibit D to be given to the Fiscal Agent by the Borrower on the Delivery Date, along with appropriate invoices for such expenses, provided that no requisition shall be required for the payment of Costs of Issuance set forth on the closing memorandum delivered to the Fiscal Agent on the Delivery Date. Amounts in the Cost of Issuance Fund funded with proceeds of the Funding Loans, if any, shall be expended prior to the application of the Costs of Issuance Deposit. Investment Income on amounts on deposit in the Cost of Issuance Fund shall be retained in such fund. Amounts remaining on deposit in the Cost of Issuance Fund six (6) months after the Delivery Date shall be transferred to the Borrower. Upon such final disbursement, the Fiscal Agent shall close the Cost of Issuance Fund.

Section 4.14 ***Reports From the Fiscal Agent.*** The Fiscal Agent shall, on or before the fifteenth (15^{th}) day of each month, file with the Funding Lender Representative, the Servicer, the Governmental Lender (at its written request) and the Borrower a statement setting forth in respect of the preceding calendar month:

(i) the amount withdrawn or transferred by it, and the amount deposited within or on account of each fund and account held by it under the provisions of this Funding Loan Agreement, including the amount of investment income on each fund and account;

(ii) the amount on deposit with it at the end of such month to the credit of each fund and account;

(iii) a brief description of all obligations held by it as an investment of money in each such fund and account; and

(iv) any other information which the Funding Lender Representative or the Governmental Lender may reasonably request and to which the Fiscal Agent has access in the ordinary course of its operations.

Upon the written request of the Funding Lender, the Fiscal Agent, at the cost of the Borrower, shall provide a copy of such statement to Funding Lender. All records and files pertaining to the Pledged Security shall be open at all reasonable times to the inspection of the Governmental Lender and the Funding Lender Representative or the Servicer and their agents and representatives upon reasonable prior notice during normal business hours.

ARTICLE V

GENERAL COVENANTS AND REPRESENTATIONS

Section 5.01 ***Payment of Principal and Interest.*** Subject to the provisions of Section 2.03 and Article III hereof, the Governmental Lender will duly and punctually repay, or cause to be repaid, the Funding Loans, as evidenced by the Governmental Notes, as and when the same shall become due, all in accordance with the terms of the Governmental Notes and this Funding Loan Agreement, to the extent of repayments and prepayments received by the Governmental Lender with respect to the Project Loans.

Section 5.02 ***Performance of Covenants.*** The Governmental Lender covenants that it will faithfully perform at all times any and all of its covenants, undertakings, stipulations and provisions contained in this Funding Loan Agreement, in the Governmental Notes and in all proceedings pertaining thereto.

Section 5.03 ***Instruments of Further Assurance.*** The Governmental Lender covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such supplements hereto, and such further acts, instruments and transfers as may be reasonably required for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Fiscal Agent all and singular its interest in the property herein described and the revenues, receipts and other amounts pledged hereby to the payment of the principal of, premium, if any, and interest on the Funding Loans, at the expense of the Borrower, provided, however, that no such act or instrument shall change the essential economic terms of the Funding Loans. Any and all interest in property hereafter acquired which is of any kind or nature herein provided to be and become subject to the lien hereof shall and without any further conveyance, assignment or act on the part of the Governmental Lender or the Fiscal Agent, become and be subject to the lien of this Funding Loan Agreement as fully and completely as though specifically described herein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the Governmental Lender under this Section 5.03. The Governmental Lender covenants and agrees that, except as herein otherwise expressly provided, it has not and will not sell, convey, mortgage, encumber or otherwise dispose of any part of its interest in the Pledged Security or the revenues or receipts therefrom.

The Governmental Lender will promptly notify the Fiscal Agent, the Funding Lender Representative and the Servicer in writing of the occurrence of any of the following:

(i) the submission of any claim or the initiation of any legal process, litigation or administrative or judicial investigation against the Governmental Lender with respect to the Loans of which it has received written notice;

(ii) any change in the location of the Governmental Lender's principal office or any change in the location of the Governmental Lender's books and records relating to the transactions contemplated hereby;

(iii) the occurrence of any default or Event of Default of which the Governmental Lender has received written notice;

(iv) the commencement of any proceedings or any proceedings instituted by or against the Governmental Lender in any federal, state or local court or before any governmental body or agency, or before any arbitration board, relating to the Notes, of which it has received written notice; or

(v) the commencement of any proceedings by or against the Governmental Lender under any applicable bankruptcy, reorganization, liquidation, rehabilitation, insolvency or other similar law now or hereafter in effect or of any proceeding in which a receiver, liquidator, conservator, trustee or similar official shall have been, or may be, appointed or requested for the Governmental Lender or any of its assets relating to the Loans.

Section 5.04 ***Inspection of Books and Records.*** The Governmental Lender covenants and agrees that all books and documents in its possession relating to the Project shall, upon reasonable prior notice, during normal business hours, be open to inspection and copying by such accountants or other agents as the Servicer, Fiscal Agent or the Funding Lender Representative may from time to time reasonably designate, provided that the Fiscal Agent shall have no duty to so designate.

Section 5.05 ***No Modification of Security; Additional Indebtedness.*** The Governmental Lender covenants to and for the benefit of the Funding Lender that it will not, without the prior written consent of the Funding Lender Representative, take any of the following actions:

(i) alter, modify or cancel, or agree to consent to alter, modify or cancel any agreement to which the Governmental Lender is a party, or which has been assigned to the Governmental Lender, and which relates to or affects the security for the Loans or the payment of any amount owed under the Financing Documents; or

(ii) create or suffer to be created any lien upon the Pledged Security or any part thereof other than the lien created hereby and by the Security Instrument.

Section 5.06 ***Damage, Destruction or Condemnation.*** Net Proceeds resulting from casualty to or condemnation of the Project shall be applied as provided in the Continuing Covenant Agreement and, to the extent consistent therewith, Section 3.01(b)(i) hereof.

Section 5.07 ***Tax Covenants*****.**

(a) *Governmental Lender's Covenants*. The Governmental Lender covenants to and for the benefit of the Funding Lender that it will:

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

(ii) not knowingly take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Tax-Exempt Governmental Note

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 Governmental Note would have caused the Governmental Note to be an "arbitrage bond" within the meaning of section 148 of the Code and regulations promulgated under the Code (the "**Regulations**");

(iii) enforce or cause to be enforced all obligations of the Borrower under the Tax Regulatory Agreement in accordance with its terms and seek to cause the Borrower to correct any violation of the Tax Regulatory Agreement within a reasonable period after it first receives written notice of any such violation;

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

(v) whenever and so often as reasonably requested by the Funding Lender, do and perform all acts and things permitted by law and necessary in order to assure that interest paid by the Governmental Lender on the Tax-Exempt Governmental Note will be excluded from the gross income of the holders of the Tax-Exempt Governmental Note, for federal income tax purposes;

(vi) assure that the California Debt Limit Allocation Committee has transferred a portion of the State of California's private activity bond allocation (within the meaning of section 146 of the Code) equal to the principal amount of the Tax-Exempt Governmental Note;

(vii) not knowingly take any action or permit or suffer any action to be taken if the result of the same would be to cause the Tax-Exempt Governmental Note to be "federally guaranteed" within the meaning of Section 149(b) of the Code and the Regulations;

(viii) require that, from the proceeds of the Tax-Exempt Governmental Note and investment earnings thereon, an amount not in excess of exceed 2% of the proceeds of the Tax-Exempt Governmental Note, will be used for costs of issuance of the Tax-Exempt Governmental Note, all within the meaning of section 147(g)(1) of the Code (for this purpose, if the fees of the Initial Funding Lender are retained as a discount on the purchase of the Tax-Exempt Governmental Note, such retention shall be deemed to be an expenditure of proceeds of the Tax-Exempt Governmental Note for said fees;

(ix) require that not less than 95% of the net proceeds of the Tax-Exempt Governmental Note (within the meaning of section 150(a)(3) of the Code) are paid for Qualified Project Costs;

(x) require that less than 25% of the proceeds of the Tax-Exempt Governmental Note shall be used, directly or indirectly, for the acquisition of land;

(xi) require that no proceeds of the Tax-Exempt Governmental Note shall be used for the acquisition of any tangible property or an interest therein, other than land or

an interest in land, unless the first use of such property is pursuant to such acquisition; provided, however, that this limitation shall not apply with respect to any building (and the equipment therefor) if rehabilitation expenditures (as defined in section 145(d) of the Code) with respect to such building equal or exceed 15 percent of the portion of the cost of acquiring such building (and equipment) financed with Proceeds; and provided, further, that this limitation shall not apply with respect to any structure other than a building if rehabilitation expenditures with respect to such structure equal or exceed 100 percent of the portion of the cost of acquiring such structure financed with the proceeds of the Tax-Exempt Governmental Note;

(xii) not knowingly permit any proceeds of the Tax-Exempt Governmental Note to 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, nor permit any portion of the proceeds of the Note to 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; and

(xiii) elect, and hereby does elect, to have the Project meet the requirements of section 142(d)(1)(B) of the Code in that forty percent (40%) or more of the residential units in the Project shall be occupied by persons or families whose Adjusted Income (as defined in the Tax Regulatory Agreement) is sixty percent (60%) or less of Median Income for the Area (as defined in the Tax Regulatory Agreement), adjusted for household size.

In furtherance of the covenants in this Section 5.07, the Governmental Lender and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which is by this reference incorporated into this Funding Loan Agreement and made a part of this Funding Loan Agreement as if set forth in this Funding Loan Agreement in full, and by its acceptance of this Funding Loan Agreement the Fiscal Agent acknowledges receipt of the Tax Certificate and acknowledges its incorporation into this Funding Loan Agreement by this reference and agrees to comply with the terms specifically applicable to it.

For purposes of this Section 5.07(a): (1) the Governmental Lender is assuming, with the consent of the parties hereto, the truth of the covenants and representations of the Borrower in the Project Loan Agreement, the Tax Regulatory Agreement and the Tax Certificate, and the Borrower's compliance therewith; (2) the Governmental Lender's compliance shall be based solely on matters within the Governmental Lender's knowledge and control; (3) no acts, omissions or directions of the Borrower, the Funding Lender or any other Persons shall be attributed to the Governmental Lender; and (4) in complying with the foregoing covenants, the Governmental Lender may rely on an opinion of Bond Counsel.

(b) *Fiscal Agent's Covenants*. The Fiscal Agent agrees that it will invest funds held under this Funding Loan Agreement in accordance with the covenants and terms of this Funding Loan Agreement and the Tax Certificate (this covenant shall extend through the term of the Tax-Exempt Funding Loan, to all funds and accounts created under this Funding Loan Agreement and

all money on deposit to the credit of any such fund or account). The Fiscal Agent covenants to and for the benefit of the Funding Lender that, notwithstanding any other provisions of this Funding Loan Agreement or of any other Financing Document, it will not knowingly make or cause to be made any investment or other use of the money in the funds or accounts created hereunder which would cause the Tax-Exempt Governmental Note to be classified as an "arbitrage bond" within the meaning of Sections 103(b) and 148 of the Code or would cause the interest on the Tax-Exempt Governmental Note to be includable in gross income for federal income tax purposes; provided that the Fiscal Agent shall be deemed to have complied with such requirements and shall have no liability to the extent it reasonably follows the written directions of the Borrower, the Governmental Lender, the Funding Lender Representative, Bond Counsel or the Rebate Analyst. This covenant shall extend, throughout the term of the Tax-Exempt Funding Loan, to all funds created under this Funding Loan Agreement and all money on deposit to the credit of any such fund. Pursuant to this covenant, with respect to the investments of the funds and accounts under this Funding Loan Agreement, the Fiscal Agent obligates itself to comply throughout the term of the Tax-Exempt Funding Loan with the requirements of Sections 103(b) and 148 of the Code; provided that the Fiscal Agent shall be deemed to have complied with such requirements and shall have no liability to the extent it reasonably follows the written directions of the Borrower, the Governmental Lender, Bond Counsel or the Rebate Analyst. The Fiscal Agent further covenants that should the Governmental Lender or the Borrower file with the Fiscal Agent (it being understood that neither the Governmental Lender nor the Borrower has an obligation to so file), or should the Fiscal Agent receive, an opinion of Bond Counsel to the effect that any proposed investment or other use of proceeds of the Tax-Exempt Funding Loan would cause the Tax-Exempt Governmental Note to become an "arbitrage bond," then the Fiscal Agent will comply with any written instructions of the Governmental Lender, the Borrower, the Funding Lender Representative or Bond Counsel regarding such investment (which shall, in any event, be a Qualified Investment) or use so as to prevent the Tax-Exempt Governmental Note from becoming an "arbitrage bond," and the Fiscal Agent will bear no liability to the Governmental Lender, the Borrower, the Funding Lender or the Funding Lender Representative for investments made in accordance with such instructions.

In the event of any conflict between this Section 5.07 and the Tax Certificate, the terms of the Tax Certificate shall control.

Section 5.08 ***Representations and Warranties of the Governmental Lender***. The Governmental Lender hereby represents and warrants as follows:

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

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

(c) The revenues and assets pledged for the repayment of the Funding Loans are and will be free and clear of any pledge, lien or encumbrance prior to, or equal with, the pledge created by this Funding Loan Agreement, and all action on the part of the Governmental Lender to that end has been duly and validly taken.

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

Section 5.09 ***Performance by the Borrower.*** Without relieving the Governmental Lender from the responsibility for performance and observance of the agreements and covenants required to be performed and observed by it hereunder, the Borrower, on behalf of the Governmental Lender, may perform any such agreement or covenant so long as the Borrower is not in default (beyond any applicable notice and cure period) under the Project Loan Agreement.

Section 5.10 ***Immunities and Limitations of Responsibility of Governmental Lender***.

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

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

(c) The Borrower has indemnified the Governmental Lender against certain acts and events as set forth in Section 6.01 of the Project Loan Agreement and Section 8 of the Tax Regulatory Agreement. Such indemnities shall survive payment of the Funding Loans and discharge of this Funding Loan Agreement.

ARTICLE VI

DEFAULT PROVISIONS AND REMEDIES OF FISCAL AGENT AND FUNDING LENDER

Section 6.01 ***Events of Default***. Each of the following shall be an event of default with respect to the Funding Loans (an "Event of Default") under this Funding Loan Agreement:

(a) failure to pay the principal of, premium, if any, or interest on the Funding Loans, as evidenced by the Governmental Notes, when due, whether on an Interest Payment Date, at the stated maturity thereof, by proceedings for prepayment thereof, by acceleration or otherwise; or

(b) failure to observe the covenants set forth in Section 5.05 hereof; or

(c) Subject to Section 5.09, failure to observe or perform any of the covenants, agreements or conditions on the part of the Governmental Lender (other than those set forth in Sections 5.01 and 5.05 hereof) set forth in this Funding Loan Agreement or in the Governmental Notes and the continuance thereof for a period of thirty (30) days (or such longer period, if any, as is specified herein for particular defaults) after written notice thereof to the Governmental Lender from the Fiscal Agent or the Funding Lender Representative specifying such default and requiring the same to be remedied; provided that if such default cannot be cured within such thirty (30) day period through the exercise of diligence and the Governmental Lender commences the required cure within such thirty (30) day period and continues the cure with diligence and the Governmental Lender reasonably anticipates that the default could be cured within sixty (60) days, the Governmental Lender shall have sixty (60) days following receipt of such notice to effect the cure; or

(d) receipt by the Fiscal Agent of written notice from the Funding Lender Representative of the occurrence of an "Event of Default" under any of the Project Loan Documents.

The Fiscal Agent or the Funding Loan Representative will endeavor to provide a courtesy copy of any notice given to the Governmental Lender to the Borrower. However, the failure to provide such courtesy copy will not affect the validity or sufficiency of any notice provided to the Governmental Lender.

The Fiscal Agent will promptly notify the Governmental Lender, the Servicer and the Funding Lender Representative after a Responsible Officer obtains actual knowledge of the occurrence of an Event of Default or obtains actual knowledge of the occurrence of an event which would become an Event of Default with the passage of time or the giving of notice or both.

Section 6.02 ***Acceleration; Other Remedies Upon Event of Default***.

Upon the occurrence of an Event of Default, the Fiscal Agent shall, upon the written request of the Funding Lender Representative, by notice in writing delivered to the Governmental Lender (with a courtesy notice given to the Borrower), declare the principal of the Funding Loans, as

evidenced by the Governmental Notes, and the interest accrued thereon immediately due and payable, and interest shall continue to accrue thereon until such amounts are paid.

At any time after the Funding Loans shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Fiscal Agent may, but only if directed in writing by the Funding Lender Representative, by written notice to the Governmental Lender, the Borrower, and the Fiscal Agent, rescind and annul such declaration and its consequences if the Governmental Lender or the Borrower shall pay to or deposit with the Fiscal Agent a sum sufficient to pay all principal on the Funding Loans then due (other than solely by reason of such declaration) and all unpaid installments of interest (if any) on the Funding Loans then due, with interest at the rate borne by the Funding Loans on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, and the reasonable fees and expenses of the Fiscal Agent (including its counsel) shall have been made good or cured or adequate provision shall have been made therefor, and all outstanding amounts then due and unpaid under the Financing Documents (collectively, the "**Cure Amount**") shall have been paid in full, and all other defaults hereunder shall have been made good or cured or waived in writing by the Funding Lender Representative; but no such rescission and annulment shall extend to or shall affect any subsequent default, nor shall it impair or exhaust any right or power consequent thereon.

Upon the occurrence and during the continuance of an Event of Default, the Fiscal Agent in its own name and as trustee of an express trust, on behalf and for the benefit and protection of the Funding Lender, may also proceed to protect and enforce any rights of the Fiscal Agent and, to the full extent that the Funding Lender itself might do, the rights of the Funding Lender under the laws of the State or under this Funding Loan Agreement by such of the following remedies as the Fiscal Agent shall deem most effectual to protect and enforce such rights; provided that, the Fiscal Agent may undertake any such remedy only upon the receipt of the prior written consent of the Funding Lender Representative (which consent may be given in the sole discretion of the Funding Lender Representative):

(i) by mandamus or other suit, action or proceeding at law or in equity, to enforce the payment of the principal of, premium, if any, or interest on the Funding Loans and to require the Governmental Lender to carry out any covenants or agreements with or for the benefit of the Funding Lender and to perform its duties under the Act, this Funding Loan Agreement, the Project Loan Agreement or the Tax Regulatory Agreement (as applicable) to the extent permitted under the applicable provisions thereof;

(ii) by pursuing any available remedies under the Project Loan Agreement, the Tax Regulatory Agreement or any other Financing Document;

(iii) by realizing or causing to be realized through sale or otherwise upon the security pledged hereunder; and

(iv) by action or suit in equity enjoin any acts or things that may be unlawful or in violation of the rights of the Funding Lender and execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of the Fiscal Agent in order to have the claim of the Funding Lender against the Governmental Lender allowed in any bankruptcy or other proceeding.

No remedy by the terms of this Funding Loan Agreement conferred upon or reserved to the Fiscal Agent or to the Funding Lender is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Fiscal Agent or the Funding Lender hereunder or under the Project Loan Agreement, the Tax Regulatory Agreement, the Continuing Covenant Agreement or any other Financing Document, as applicable, 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 Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default hereunder, whether by the Fiscal Agent or the Funding Lender, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereto.

Section 6.03 ***Funding Lender Representative Control of Proceedings***. If an Event of Default has occurred and is continuing, notwithstanding anything to the contrary herein, the Funding Lender Representative shall have the sole and exclusive right at any time to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Funding Loan Agreement, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of this Funding Loan Agreement. In addition, the Funding Lender Representative shall have the sole and exclusive right at any time to directly enforce all rights and remedies hereunder and under the other Financing Documents with or without the involvement of the Fiscal Agent or the Governmental Lender (and in connection therewith the Fiscal Agent shall transfer or assign to the Funding Lender Representative all of its interest in the Pledged Security at the request of the Funding Lender Representative). In no event shall the exercise of any of the foregoing rights result in an acceleration of the Funding Loans without the express direction of the Funding Lender Representative.

Section 6.04 ***Waiver by Governmental Lender.*** Upon the occurrence of an Event of Default, to the extent that such right may then lawfully be waived, neither the Governmental Lender nor anyone claiming through or under it shall set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or prepayment laws now or hereinafter in force, in order to prevent or hinder the enforcement of this Funding Loan Agreement; and the Governmental Lender, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisement and prepayment to which it may be entitled under the laws of the State and the United States of America.

Section 6.05 ***Application of Money After Default.*** All money collected by the Fiscal Agent at any time pursuant to this Article shall, except to the extent, if any, otherwise directed by a court of competent jurisdiction, be credited by the Fiscal Agent to the Revenue Fund. Such money so credited to the Revenue Fund and all other money from time to time credited to the Revenue Fund shall at all times be held, transferred, withdrawn and applied as prescribed by the provisions of Article IV hereof and this Section 6.05.

In the event that at any time the money credited to the Revenue Fund, the Loan Payment Fund and the Loan Prepayment Fund available for the payment of interest or principal then due with respect to the Governmental Notes shall be insufficient for such payment, such money shall be applied as follows and in the following order of priority:

(a) For payment of all amounts due to the Fiscal Agent incurred in performance of its duties under this Funding Loan Agreement, including, without limitation, the payment of all reasonable fees and expenses of the Fiscal Agent incurred in exercising any remedies under this Funding Loan Agreement.

(b) To the extent directed in writing by the Funding Lender Representative, to the reimbursement of any unreimbursed advances made by or on behalf of the Funding Lender pursuant to the Continuing Covenant Agreement or the Security Instrument.

(c) Unless the full principal amount of the Funding Loans shall have become or have been declared due and payable:

FIRST: to the Funding Lender, all installments of interest then due on the Funding Loans in the order of the maturity of such installments and payable pro rata as between the Tax-Exempt Funding Loan and the Taxable Funding Loan; and

SECOND: to the Funding Lender, unpaid principal of and Prepayment Premium, if any, on the Funding Loans that shall have become due, whether at maturity or by call for prepayment, in the order in which they became due and payable.

(d) If the full principal amount of the Governmental Notes shall have become or have been declared due and payable, to the Funding Lender for the payment of the principal of, premium, if any, and interest then due and unpaid on the Funding Loans without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest.

(e) To the payment of any and all amounts due under the Financing Documents other than with respect to principal and interest accrued on the Funding Loans, including, without limitation, any amounts due to the Governmental Lender, the Funding Lender, the Servicer and the Rebate Analyst.

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

Section 6.06 ***Remedies Not Exclusive.*** No right or remedy conferred upon or reserved to the Fiscal Agent, the Funding Lender or the Funding Lender Representative by the terms of this Funding Loan Agreement is intended to be exclusive of any other right or remedy, but each and every such remedy shall be cumulative and shall be in addition to every other right or remedy given to the Fiscal Agent, the Funding Lender or the Funding Lender Representative under this Funding Loan Agreement or existing at law or in equity or by statute (including the Act).

Section 6.07 ***Fiscal Agent May Enforce Rights Without Governmental Note.*** All rights of action and claims, including the right to file proof of claims, under this Funding Loan Agreement may be prosecuted and enforced by the Fiscal Agent at the written direction of the Funding Lender Representative without the possession of the Governmental Notes or the production thereof in any trial or other proceedings relating thereto. Subject to the rights of the Funding Lender Representative to direct proceedings hereunder, any such suit or proceeding instituted by the Fiscal Agent shall be brought in its name as Fiscal Agent without the necessity of joining as plaintiffs or

defendants any Funding Lender, and any recovery or judgment shall be for the benefit as provided herein of the Funding Lender.

Section 6.08 ***[Reserved]***.

Section 6.09 ***Termination of Proceedings.*** In case the Fiscal Agent (at the written direction of the Funding Lender Representative) or the Funding Lender Representative shall have proceeded to enforce any right under this Funding Loan Agreement by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Governmental Lender, the Fiscal Agent, the Funding Lender Representative, the Borrower and the Funding Lender shall be restored to their former positions and rights hereunder with respect to the Pledged Security herein conveyed, and all rights, remedies and powers of the Fiscal Agent and the Funding Lender Representative shall continue as if no such proceedings had been taken.

Section 6.10 ***Waivers of Events of Default.*** The Fiscal Agent shall waive any Event of Default hereunder and its consequences (except with respect to Unassigned Rights) and rescind any declaration of maturity of principal of and interest on the Funding Loans upon the written direction of the Funding Lender Representative. In case of any such waiver or rescission, or in case any proceeding taken by the Fiscal Agent on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Governmental Lender, the Fiscal Agent, the Borrower, the Servicer, the Funding Lender Representative and the Funding Lender shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereto.

Section 6.11 ***Interest on Unpaid Amounts and Default Rate for Nonpayment***. In the event that principal of or interest payable on the Funding Loans is not paid when due, there shall be payable on the amount not timely paid, on each Interest Payment Date, interest at the Default Rate, to the extent permitted by law. Interest on the Funding Loans shall accrue at the Default Rate until the unpaid amount, together with interest thereon, shall have been paid in full.

Section 6.12 ***Assignment of Project Loans; Remedies Under the Project Loan***.

(a) The Funding Lender Representative shall have the right, with respect to the Project Loans, in its sole and absolute discretion, without directing the Fiscal Agent to effect an acceleration of the Funding Loans, to instruct the Fiscal Agent in writing to assign the Project Notes, the Security Instrument and the other Financing Documents to the Funding Lender Representative, in which event the Fiscal Agent shall (a) endorse and deliver the Project Notes to the Funding Lender Representative and assign (in recordable form) the Security Instrument, (b) execute and deliver to the Funding Lender Representative all documents prepared by the Funding Lender Representative necessary to assign (in recordable form) all other Project Loan Documents to the Funding Lender Representative and (c) execute all such documents prepared by the Funding Lender Representative as are necessary to legally and validly effectuate the assignments provided for in the preceding clauses (a) and (b). The Fiscal Agent's assignments to the Funding Lender Representative pursuant to this Section 6.12 shall be without recourse or warranty except that the Fiscal Agent shall represent and warrant in connection therewith (A) that the Fiscal Agent has not previously endorsed or assigned any such documents or instruments and

(B) that the Fiscal Agent has the corporate authority to endorse and assign such documents and instruments and such endorsements and assignments have been duly authorized. **[**Prior to making such an assignment, the Fiscal Agent shall have received a No Adverse Effect Opinion with respect to such assignment of Pledged Security.**]**

(b) The Funding Lender Representative shall have the right, in its own name or on behalf of the Governmental Lender or the Fiscal Agent, to declare any default and exercise any remedies under the Project Loan Agreement, the Project Notes or the Security Instrument, whether or not the Governmental Notes have been accelerated or declared due and payable by reason of an Event of Default or the occurrence of a mandatory prepayment.

Section 6.13 ***Substitution***. Upon receipt of written notice from the Funding Lender Representative and the written approval of the Governmental Lender as and to the extent permitted under the Tax Regulatory Agreement in connection with a transfer of the Project, the Fiscal Agent shall exchange the outstanding Project Note(s) and the Security Instrument for new Project Notes and Security Instrument, evidencing and securing a new loan or loans (the "New Project Loan"), which may be executed by a person other than the Borrower (the "New Borrower"), provided that if the Fiscal Agent, the Funding Lender or a nominee of the Fiscal Agent or the Funding Lender has acquired the Project through foreclosure, by accepting a deed in lieu of foreclosure or by comparable conversion of the Project, no approval from the Governmental Lender of such exchange shall be required. Prior to accepting a New Project Loan, the Fiscal Agent shall have received (i) written evidence that the New Borrower shall have executed and recorded a document substantially in the form of the Tax Regulatory Agreement (or executed and recorded an assumption of all of the Borrower's obligations under the Tax Regulatory Agreement) and that the Project Loan Documents have been modified as necessary to be applicable to the New Project Loan, and (ii) an opinion of Bond Counsel, to the effect that such exchange and modification, in and of itself, shall not affect the tax-exempt status for federal income tax purposes of the interest payable on the Tax-Exempt Governmental Note.

ARTICLE VII

CONCERNING THE FISCAL AGENT

Section 7.01 ***Standard of Care*****.** The Fiscal Agent, prior to an Event of Default as defined in Section 6.01 hereof and after the curing or waiver of all such events which may have occurred, shall perform such duties and only such duties as are specifically set forth in this Funding Loan Agreement. The Fiscal Agent, during the existence of any such Event of Default (which shall not have been cured or waived), shall exercise such rights and powers vested in it by this Funding Loan Agreement and use the same degree of care and skill in its exercise as a prudent person would exercise or use under similar circumstances in the conduct of such person's own affairs.

No provision of this Funding Loan Agreement shall be construed to relieve the Fiscal Agent from liability for its breach of trust, own negligence or willful misconduct, except that:

(a) prior to an Event of Default hereunder, and after the curing or waiver of all such Events of Default which may have occurred:

(i) the duties and obligations of the Fiscal Agent shall be determined solely by the express provisions of this Funding Loan Agreement, and the Fiscal Agent shall not be liable except with regard to the performance of such duties and obligations as are specifically set forth in this Funding Loan Agreement; and

(ii) in the absence of bad faith on the part of the Fiscal Agent, the Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Fiscal Agent by the Person or Persons authorized to furnish the same;

(b) at all times, regardless of whether or not any such Event of Default shall exist:

(i) the Fiscal Agent shall not be liable for any error of judgment made in good faith by an officer or employee of the Fiscal Agent except for willful misconduct or negligence by the officer or employee of the Fiscal Agent as the case may be; and

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

Section 7.02 ***Reliance Upon Documents.*** Except as otherwise provided in Section 7.01 hereof:

(a) the Fiscal Agent may rely upon the authenticity or truth of the statements and the correctness of the opinions expressed in, and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, notarial seal, stamp, acknowledgment, verification, request, consent, order, bond, or other paper or document of the proper party or parties, including any Electronic Notice as permitted hereunder or under the Project Loan Agreement;

(b) any notice, request, direction, election, order or demand of the Governmental Lender mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Governmental Lender by an Authorized Officer of the Governmental Lender (unless other evidence in respect thereof be herein specifically prescribed), and any resolution of the Governmental Lender may be evidenced to the Fiscal Agent by a copy of such resolution duly certified by an Authorized Officer of the Governmental Lender;

(c) any notice, request, certificate, statement, requisition, direction, election, order or demand of the Borrower mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of the Borrower by any Authorized Officer of the Borrower (unless other evidence in respect thereof be herein specifically prescribed), and any resolution or certification of the Borrower may be evidenced to the Fiscal Agent

by a copy of such resolution duly certified by a secretary or other authorized representative of the Borrower;

(d) any notice, request, certificate, statement, requisition, direction, election, order or demand of the Servicer mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Servicer by an Authorized Officer of the Servicer (unless other evidence in respect thereof be herein specifically prescribed);

(e) any notice, request, direction, election, order or demand of the Funding Lender Representative mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of the Funding Lender Representative by any Authorized Officer of the Funding Lender Representative (unless other evidence in respect thereof be herein specifically prescribed);

(f) **[**Intentionally Omitted**]**;

(g) **[**Intentionally Omitted**]**;

(h) in the administration of the trusts of this Funding Loan Agreement, the Fiscal Agent may execute any of the trusts or powers hereby granted directly or through its agents, receivers or attorneys, and the Fiscal Agent may consult with counsel (who may be counsel for the Governmental Lender, the Servicer or the Funding Lender Representative) and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken or permitted by it hereunder in good faith and in accordance with the opinion of such counsel;

(i) whenever in the administration of the trusts of this Funding Loan Agreement, the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or permitting any action hereunder, such matters (unless other evidence in respect thereof be herein specifically prescribed), may in the absence of negligence or willful misconduct on the part of the Fiscal Agent, be deemed to be conclusively proved and established by a certificate of an officer or authorized agent of the Governmental Lender or the Borrower and such certificate shall in the absence of bad faith on the part of the Fiscal Agent be full warrant to the Fiscal Agent for any action taken or permitted by it under the provisions of this Funding Loan Agreement, but in its discretion the Fiscal Agent may in lieu thereof accept other evidence of such matter or may require such further or additional evidence as it may deem reasonable;

(j) the recitals herein and in the Governmental Notes (except the Fiscal Agent's certificate of authentication thereon) shall not be considered as made by or imposing any obligation or liability upon the Fiscal Agent. The Fiscal Agent makes no representations as to the value or condition of the Pledged Security or any part thereof, or as to the title of the Governmental Lender or the Borrower to the Pledged Security, or as to the security of this Funding Loan Agreement, or of the Governmental Notes issued hereunder, and the Fiscal Agent shall incur no liability or responsibility in respect of any of such matters;

(k) the Fiscal Agent shall not be personally liable for debts contracted or liability for damages incurred in the management or operation of the Pledged Security except for its own willful misconduct or negligence; and every provision of this Funding

Loan Agreement relating to the conduct or affecting the liability of or affording protection to the Fiscal Agent shall be subject to the provisions of this Section 7.02(k);

(l) the Fiscal Agent shall not be required to ascertain or inquire as to the performance or observance of any of the covenants or agreements (except to the extent they obligate the Fiscal Agent) herein or in any contracts or securities assigned or conveyed to or pledged with the Fiscal Agent hereunder, except Events of Default that are evident under Section 6.01(a) hereof. The Fiscal Agent shall not be required to take notice or be deemed to have notice or actual knowledge of any default or Event of Default specified in Section 6.01 hereof (except defaults under Section 6.01(a) hereof to the extent they are collecting loan payments hereunder) unless the Fiscal Agent shall receive from the Governmental Lender or the Funding Lender Representative written notice stating that a default or Event of Default has occurred and specifying the same, and in the absence of such notice the Fiscal Agent may conclusively assume that there is no such default. Every provision contained in this Funding Loan Agreement or related instruments or in any such contract or security wherein the duty of the Fiscal Agent depends on the occurrence and continuance of such default shall be subject to the provisions of this Section 7.02(l);

(m) the Fiscal Agent shall be under no duty to confirm or verify any financial or other statements or reports or certificates furnished pursuant to any provisions hereof, except to the extent such statement or reports are furnished by or under the direction of the Fiscal Agent, and shall be under no other duty in respect of the same except to retain the same in its files and permit the inspection of the same at reasonable times by the Funding Lender; and

(n) the Fiscal Agent shall be under no obligation to exercise those rights or powers vested in it by this Funding Loan Agreement, other than such rights and powers which it shall be obliged to exercise in the ordinary course of acting as Fiscal Agent under the terms and provisions of this Funding Loan Agreement and as required by law, at the request or direction of the Funding Lender Representative pursuant to Sections 6.03 and 6.08 hereof, unless the Funding Lender Representative shall have offered to the Fiscal Agent reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in the compliance with such request or direction.

None of the provisions contained in this Funding Loan Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

The Fiscal Agent is authorized and directed to execute in its capacity as Fiscal Agent, the Project Loan Agreement and the Tax Regulatory Agreement and shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the delivery of the Governmental Notes.

The Fiscal Agent or any of its affiliates may act as advisor or sponsor with respect to any Qualified Investments.

The Fiscal Agent agrees to accept and act upon Electronic Notice of written instructions and/or directions pursuant to this Funding Loan Agreement.

Any resolution, certification, notice, request, direction, election, order or demand delivered to the Fiscal Agent pursuant to this Section 7.02 shall remain in effect until the Fiscal Agent receives written notice to the contrary from the party that delivered such instrument accompanied by revised information for such party.

The Fiscal Agent shall have no responsibility for the value of any collateral or with respect to the perfection or priority of any security interest in any collateral except as otherwise provided in Section 7.17 hereof.

Section 7.03 ***Use of Proceeds*****.** The Fiscal Agent shall not be accountable for the use or application of the Governmental Notes authenticated or delivered hereunder or of the proceeds of the Funding Loans except as provided herein.

Section 7.04 ***[Reserved]*****.**

Section 7.05 ***Trust Imposed.*** All money received by the Fiscal Agent shall, until used or applied as herein provided, be held in trust for the purposes for which it was received.

Section 7.06 ***Compensation of Fiscal Agent.*** The Fiscal Agent shall be entitled to its Ordinary Fiscal Agent's Fees and Expenses in connection with the services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties of the Fiscal Agent hereunder or under any Financing Document to the extent money is available therefor, in accordance with Section 4.06 hereof, exclusive of Extraordinary Services. The Fiscal Agent shall be entitled to Extraordinary Fiscal Agent's Fees and Expenses in connection with any Extraordinary Services performed consistent with the duties hereunder or under any of the Financing Documents; provided the Fiscal Agent shall not incur any Extraordinary Fiscal Agent's Fees and Expenses without the consent of the Funding Lender Representative. If any property, other than cash, shall at any time be held by the Fiscal Agent subject to this Funding Loan Agreement, or any supplement hereto, as security for the Funding Loans, the Fiscal Agent, if and to the extent authorized by a receivership, bankruptcy, or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Funding Loan Agreement as such security for the Funding Loans, shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other liens or encumbrances thereon. Payment to the Fiscal Agent for its services and reimbursement to the Fiscal Agent for its expenses, disbursements, liabilities and advances, shall be limited to the sources described in the Project Loan Agreement and in Sections 4.06, 4.11 and 6.05 hereof. The Governmental Lender shall have no liability for Fiscal Agent's fees, costs or expenses. Subject to the provisions of Section 7.09 hereof, the Fiscal Agent agrees that it shall continue to perform its duties hereunder and under the Financing Documents even in the event that money designated for payment of its fees shall be insufficient for such purposes or in the event that the Borrower fails to pay the Ordinary Fiscal Agent's Fees and Expenses or, if applicable, the Extraordinary Fiscal Agent's Fees and Expenses as required by the Project Loan Agreement.

The Borrower shall indemnify and hold harmless the Fiscal Agent and its officers, directors, officials, employees, agents, receivers, attorneys, accountants, advisors, consultants and servants, past, present or future, from and against (a) any and all claims by or on behalf of any person arising from any cause whatsoever in connection with the Project Loan Documents, this Funding Loan Agreement or transactions contemplated hereby, the Project, or the delivery of the

Governmental Notes or the Loans; (b) any and all claims arising from any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Project, or the delivery of the Governmental Notes or the Loans; and (c) all costs, counsel fees, expenses or liabilities incurred in connection with any such claim or proceeding brought thereon; except that the Borrower shall not be required to indemnify any person for damages caused by the gross negligence, willful misconduct or unlawful acts of such person or which arise from events occurring after the Borrower ceases to own the Project. In the event that any action or proceeding is brought or claim made against the Fiscal Agent, or any of its officers, directors, officials, employees, agents, receivers, attorneys, accountants, advisors, consultants or servants, with respect to which indemnity may be sought hereunder, the Borrower, upon written notice thereof from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel and the payment of all expenses. The indemnified party shall have the right to approve a settlement to which it is a party and to employ separate counsel in any such action or proceedings and to participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel. The provisions of this Section 7.06 shall survive the termination of this Funding Loan Agreement.

Section 7.07 ***Qualifications of Fiscal Agent.*** There shall at all times be a Fiscal Agent hereunder which shall be an association or a corporation organized and doing business under the laws of the United States of America or any state thereof, authorized under such laws to exercise corporate trust powers in the State and approved in writing by the Governmental Lender. Any successor Fiscal Agent shall have a combined capital and surplus of at least $50,000,000 (or shall be a wholly-owned subsidiary of an association or corporation that has such combined capital and surplus), and be subject to supervision or examination by federal or state authority, or shall have been appointed by a court of competent jurisdiction pursuant to Section 7.11 hereof. If such association or corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority referred to above, then for the purposes of this Section 7.07, the combined capital and surplus of such association or corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Fiscal Agent shall cease to be eligible in accordance with the provisions of this Section 7.07 and another association or corporation is eligible, the Fiscal Agent shall resign immediately in the manner and with the effect specified in Section 7.09 hereof.

Section 7.08 ***Merger of Fiscal Agent.*** Any association or corporation into which the Fiscal Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any association or corporation resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party shall, ipso facto, be and become successor Fiscal Agent hereunder and vested with all the title to the whole property or Pledged Security and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding, and shall also be and become successor Fiscal Agent in respect of the legal interest of the Fiscal Agent in the Loans. Notwithstanding the foregoing, any such successor Fiscal Agent shall cause written notice of such succession to be delivered to the Funding Lender within 10 days of such succession.

Section 7.09 ***Resignation by the Fiscal Agent.*** The Fiscal Agent may at any time resign from the trusts hereby created by giving written notice to the Governmental Lender, the Borrower,

the Servicer and the Funding Lender Representative. Such notice to the Governmental Lender, the Borrower, the Servicer and the Funding Lender Representative may be served personally or sent by certified mail or overnight delivery service. The resignation of the Fiscal Agent shall not be effective until a successor Fiscal Agent has been appointed as provided herein and such successor Fiscal Agent shall have agreed in writing to be bound by the duties and obligations of the Fiscal Agent hereunder.

Section 7.10 ***Removal of the Fiscal Agent.*** The Fiscal Agent may be removed at any time, either with or without cause, with the written consent of the Funding Lender Representative (which consent of the Funding Lender Representative shall not be unreasonably withheld), by a written instrument signed by the Governmental Lender and delivered to the Fiscal Agent, the Servicer and the Borrower. The Fiscal Agent may also be removed by a written instrument signed by the Funding Lender Representative, with the written consent of the Governmental Lender, and delivered to the Fiscal Agent, the Servicer, the Governmental Lender and the Borrower. In each case written notice of such removal shall be given to the Servicer, the Borrower and to the Funding Lender. Any such removal shall take effect on the day specified in such written instrument(s), but the Fiscal Agent shall not be discharged from the duties of the Fiscal Agent hereby created until a successor Fiscal Agent has been appointed and has accepted such appointment and has agreed in writing to be bound by the duties and obligations of the Fiscal Agent hereunder.

Section 7.11 ***Appointment of Successor Fiscal Agent***.

(a) In case at any time the Fiscal Agent shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Fiscal Agent or of its property shall be appointed, or if a public supervisory office shall take charge or control of the Fiscal Agent or of its property or affairs, a vacancy shall forthwith and ipso facto be created in the office of such Fiscal Agent hereunder, and the Governmental Lender, with the written consent of the Funding Lender Representative, shall promptly appoint a successor Fiscal Agent. Any such appointment shall be made by a written instrument executed by an Authorized Officer of the Governmental Lender. If the Governmental Lender fails to appoint a successor Fiscal Agent within ten (10) days following the resignation or removal of the Fiscal Agent pursuant to Section 7.09 or Section 7.10 hereunder, as applicable, the Funding Lender Representative may appoint a successor Fiscal Agent (from any of the institutions approved by the Governmental Lender to serve as a fiscal agent or trustee) with written notice thereof delivered to the Governmental Lender, the Borrower, the Servicer, if any, and if applicable, the retiring Fiscal Agent.

(b) If, in a proper case, no appointment of a successor Fiscal Agent shall be made pursuant to subsection (a) of this Section 7.11 within sixty (60) days following delivery of all required notices of resignation given pursuant to Section 7.09 hereof or of removal of the Fiscal Agent pursuant to Section 7.10 hereof, the retiring Fiscal Agent may apply to any court of competent jurisdiction, at the expense of the Borrower, to appoint a successor Fiscal Agent. The court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Fiscal Agent.

Section 7.12 ***Concerning Any Successor Fiscal Agent.*** Every successor Fiscal Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Governmental Lender a written instrument accepting such appointment hereunder, and thereupon

such successor, without any further act, deed or conveyance, shall become fully vested with all the Pledged Security and the rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Governmental Lender, the Borrower or the Funding Lender Representative, or of its successor, and upon payment of all amounts due such predecessor, including but not limited to fees and expenses of counsel, execute and deliver such instruments as may be appropriate to transfer to such successor Fiscal Agent all the Pledged Security and the rights, powers and trusts of such predecessor hereunder; and every predecessor Fiscal Agent shall deliver all securities and money held by it as Fiscal Agent hereunder to its successor. Should any instrument in writing from the Governmental Lender be required by a successor Fiscal Agent for more fully and certainly vesting in such successor the Pledged Security and all rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Governmental Lender. The resignation of any Fiscal Agent and the instrument or instruments removing any Fiscal Agent and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed and/or recorded by the successor Fiscal Agent in each recording office where this Funding Loan Agreement shall have been filed and/or recorded. Each successor Fiscal Agent shall mail notice by first class mail, postage prepaid, at least once within 30 days of such appointment, to the Funding Lender. No successor Fiscal Agent shall accept its appointment unless at the time of such acceptance such successor Fiscal Agent shall be qualified and eligible under this Article, to the extent operative.

Section 7.13 ***[Reserved].***

Section 7.14 ***Appointment of Co-Fiscal Agent or Separate Fiscal Agent.*** It is the intent of the Governmental Lender and the Fiscal Agent that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as Fiscal Agent in such jurisdiction. It is recognized that in case of litigation under or connected with this Funding Loan Agreement, the Project Loan Agreement or any of the other Financing Documents, and, in particular, in case of the enforcement of any remedies on default, or in case the Fiscal Agent deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein or therein granted to the Fiscal Agent or hold title to the properties in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary, and the Fiscal Agent is hereby authorized upon written notice to the Governmental Lender, Funding Lender Representative and the Borrower, and with the consent of the Governmental Lender and the Funding Lender Representative, to appoint an additional individual or institution as a co-fiscal agent or separate fiscal agent.

In the event that the Fiscal Agent appoints an additional individual or institution as a co-fiscal agent or separate fiscal agent, in the event of the incapacity or lack of authority of the Fiscal Agent, by reason of any present or future law of any jurisdiction, to exercise any of the rights, powers, trusts and remedies granted to the Fiscal Agent herein or to hold title to the Pledged Security or to take any other action that may be necessary or desirable in connection therewith, each and every remedy, power, right, obligation, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Funding Loan Agreement to be imposed upon, exercised by or vested in or conveyed to the Fiscal Agent with respect thereto shall be imposed upon, exercisable by and vest in such separate fiscal agent or co-fiscal agent, but only to the extent necessary to enable such co-fiscal agent or separate fiscal agent to exercise such powers, rights,

trusts and remedies, and every covenant and obligation necessary to the exercise thereof by such co-fiscal agent or separate fiscal agent shall run to and be enforceable by either of them, subject to the remaining provisions of this Section 7.14. Such co-fiscal agent or separate fiscal agent shall deliver an instrument in writing acknowledging and accepting its appointment hereunder to the Governmental Lender and the Fiscal Agent.

Should any instrument in writing from the Governmental Lender be required by the co-fiscal agent or separate fiscal agent so appointed by the Fiscal Agent for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Governmental Lender, the Fiscal Agent and the Borrower. If the Governmental Lender shall fail to deliver the same within thirty (30) days of such request, the Fiscal Agent is hereby appointed attorney-in-fact for the Governmental Lender to execute, acknowledge and deliver such instruments in the Governmental Lender's name and stead. In case any co-fiscal agent or separate fiscal agent, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such co-fiscal agent or separate fiscal agent, so far as permitted by law, shall vest in and be exercised by the Fiscal Agent until the appointment of a new Fiscal Agent or successor to such co-fiscal agent or separate fiscal agent.

Every co-fiscal agent or separate fiscal agent shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

(a) the Governmental Notes shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations by this Funding Loan Agreement conferred upon the Fiscal Agent in respect of the custody, control or management of money, papers, securities and other personal property shall be exercised solely by the Fiscal Agent;

(b) all rights, powers, trusts, duties and obligations conferred or imposed upon the Fiscal Agent shall be conferred or imposed upon or exercised or performed by the Fiscal Agent, or by the Fiscal Agent and such co-fiscal agent, or separate fiscal agent jointly, as shall be provided in the instrument appointing such co-fiscal agent or separate fiscal agent, except to the extent that under the law of any jurisdiction in which any particular act or acts are to be performed the Fiscal Agent shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-fiscal agent or separate fiscal agent;

(c) any request in writing by the Fiscal Agent to any co-fiscal agent or separate fiscal agent to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking or the refraining from taking of such action by such co-fiscal agent or separate fiscal agent;

(d) any co-fiscal agent or separate fiscal agent to the extent permitted by law shall delegate to the Fiscal Agent the exercise of any right, power, trust, duty or obligation, discretionary or otherwise;

(e) the Fiscal Agent, at any time by an instrument in writing with the written concurrence of the Governmental Lender by an Authorized Officer, may accept the

resignation of or remove any co-fiscal agent or separate fiscal agent appointed under this Section 7.14 and in case an Event of Default shall have occurred and be continuing, the Fiscal Agent shall have power to accept the resignation of or remove any such co-fiscal agent or separate fiscal agent without the concurrence of the Governmental Lender, and upon the request of the Fiscal Agent, the Governmental Lender shall join with the Fiscal Agent in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-fiscal agent or separate fiscal agent so resigned or removed may be appointed in the manner provided in this Section 7.14;

(f) no Fiscal Agent or co-fiscal agent hereunder shall be personally liable by reason of any act or omission of any other Fiscal Agent hereunder;

(g) any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing executed by the Funding Lender Representative and delivered to the Fiscal Agent shall be deemed to have been delivered to each such co-fiscal agent or separate fiscal agent; and

(h) any money, papers, securities or other items of personal property received by any such co-fiscal agent or separate fiscal agent hereunder shall forthwith, so far as may be permitted by law, be turned over to the Fiscal Agent.

The total compensation of the Fiscal Agent and any co-fiscal agent or separate fiscal agent shall be as, and may not exceed the amount, provided in Section 7.06 hereof.

Section 7.15 ***Notice of Certain Events.*** The Fiscal Agent shall give written notice to the Governmental Lender, the Servicer and the Funding Lender Representative of any failure by the Borrower to comply with the terms of the Tax Regulatory Agreement or any Determination of Taxability of which a Responsible Officer has actual knowledge.

Section 7.16 ***[Reserved].***

Section 7.17 ***Filing of Financing Statements***. The Fiscal Agent shall, at the expense of the Borrower, at the direction of the Servicer, file or record or cause to be filed or recorded all UCC continuation statements for the purpose of continuing without lapse the effectiveness of those financing statements which have been filed on or approximately on the Delivery Date in connection with the security for the Funding Loans pursuant to the authority of the UCC. Upon the filing of any such continuation statement the Fiscal Agent shall immediately notify the Governmental Lender, the Borrower, the Funding Lender Representative and the Servicer that the same has been done. If direction is given by the Servicer or the Funding Lender Representative, the Fiscal Agent shall file all continuation statements in accordance with such directions.

Section 7.18 ***USA Patriot Act Requirements of the Fiscal Agent***. To help the government of the United States of America fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For a non-individual Person such as a business entity, a charity, a trust, or other legal entity, the Fiscal Agent may request documentation to verify such Person's formation and existence as a legal entity. The Fiscal Agent may also request

financial statements, licenses, identification and authorization documents from individuals claiming authority to represent such Person or other relevant documentation.

ARTICLE VIII

AMENDMENTS OF CERTAIN DOCUMENTS

Section 8.01 ***Amendments to this Funding Loan Agreement.*** Any of the terms of this Funding Loan Agreement and the Governmental Notes may be amended or waived only by an instrument signed by the Fiscal Agent and the Governmental Lender, and in each case only with the prior written consent of the Funding Lender Representative.

Section 8.02 ***Amendments to Financing Documents Require Consent of Funding Lender Representative.*** Neither the Governmental Lender nor the Fiscal Agent shall consent to any amendment, change or modification of any Financing Document without the prior written consent of the Funding Lender Representative. The Fiscal Agent shall enter into such amendments to the Financing Documents as shall be directed by the Funding Lender Representative.

Section 8.03 ***Opinion of Bond Counsel Required***. No amendment to this Funding Loan Agreement, the Governmental Notes, the Project Loan Agreement, the Project Notes, the Security Instrument or the Tax Regulatory Agreement shall become effective unless and until (i) the Funding Lender Representative shall have consented to the same in writing in its sole discretion and (ii) the Funding Lender Representative, the Governmental Lender and the Fiscal Agent shall have received, at the expense of the Borrower, (A) a No Adverse Effect Opinion with respect to such amendment, change or modification, and (B) an opinion of counsel acceptable to the Funding Lender Representative and the Governmental Lender to the effect that any such proposed such amendment, change or modification is authorized and complies with the provisions of this Funding Loan Agreement and is a legal, valid and binding obligation of the parties thereto, subject to normal exceptions relating to bankruptcy, insolvency and equitable principles limitations.

ARTICLE IX

SATISFACTION AND DISCHARGE OF FUNDING LOAN AGREEMENT

Section 9.01 ***Discharge of Lien.*** If the Governmental Lender shall pay or cause to be paid to the Funding Lender the principal, interest and premium, if any, to become due with respect to the Funding Loans at the times and in the manner stipulated herein and in the Governmental Notes, in any one or more of the following ways:

(a) by the payment of all unpaid principal of (including Prepayment Premium, if any) and interest on the Funding Loans; or

(b) by the delivery of the Governmental Note by the Funding Lender to the Fiscal Agent for cancellation;

and shall have paid all amounts due and owing under the other Financing Documents, and shall have paid, or caused to be paid, all fees and expenses of and any other amounts due to the Fiscal Agent, the Servicer and the Rebate Analyst, and if the Governmental Lender shall keep, perform and observe all and singular the covenants and promises in the Governmental Notes and in this

Funding Loan Agreement expressed as to be kept, performed and observed by it or on its part, then these presents and the estates and rights hereby granted shall cease, determine and be void, and thereupon the Fiscal Agent shall cancel and discharge the lien of this Funding Loan Agreement and execute and deliver to the Governmental Lender such instruments in writing as shall be requisite to satisfy the lien hereof, and reconvey to the Governmental Lender the estate hereby conveyed, and assign and deliver to the Governmental Lender any interest in property at the time subject to the lien of this Funding Loan Agreement which may then be in its possession, except amounts held by the Fiscal Agent for the payment of principal of, interest and premium, if any, on the Governmental Note, and the payment of any amounts owed to the United States of America pursuant to Section 4.12 hereof.

Prior to the Window Period and subject to the satisfaction of the conditions set forth in Section 4.04(c) of the Project Loan Agreement, the Funding Loans shall, prior to the Maturity Date, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section 9.01 based on a deposit of moneys or securities with the Fiscal Agent pursuant to Section 9.01(b) if, under circumstances that do not cause interest on the Tax-Exempt Governmental Note to become includable in the holders' gross income for purposes of federal income taxation, the following conditions shall have been fulfilled: (a) there shall be on deposit with the Fiscal Agent either money or noncallable and nonprepayable direct obligations of the United States of America (or other defeasance securities constituting Qualified Investments approved in writing by the Funding Lender Representative) in an amount, together with anticipated earnings thereon (but not including any reinvestment of such earnings), which will be sufficient to pay, when due, the principal and interest due and to become due on the Funding Loans up to and on the applicable Maturity Date; (b) the Fiscal Agent shall have received a verification report of a firm of certified public accountants or financial analyst reasonably acceptable to the Fiscal Agent and the Funding Lender Representative as to the adequacy of the amounts or securities so deposited to fully pay the Funding Loans; (c) the Fiscal Agent and the Funding Lender Representative shall have received a written opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that if the Borrower, any general partner, member or guarantor of the Borrower, or the Governmental Lender were to become a debtor in a proceeding under the Bankruptcy Code (x) payment of such money to the Funding Lender would not constitute a voidable preference under Section 547 of the Bankruptcy Code and (y) the automatic stay provisions of Section 362(a) of the Bankruptcy Code would not prevent application of such money to the payment of the Funding Loans; (d) the Fiscal Agent and the Funding Lender Representative shall have received an opinion of Bond Counsel to the effect that the defeasance of the Funding Loans is in accordance with the provisions of the Funding Loan Agreement and that such defeasance will not adversely affect the exclusion of interest on the Tax-Exempt Governmental Note from gross income for federal income tax purposes; (e) the Fiscal Agent shall have received written confirmation that all fees, expenses or reimbursement of any advances due to the Funding Lender and the Servicer under the Financing Documents have been fully paid; and (f) all fees and expenses of the Fiscal Agent have been paid.

Section 9.02 ***Discharge of Liability on Funding Loan.*** Upon the deposit with the Fiscal Agent, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 9.01 above) to pay or prepay the Funding Loans (whether upon or prior to the applicable Maturity Date or the prepayment date of the Funding Loan) provided that, if the Funding Loans are to be prepaid prior to the maturity thereof, notice of such prepayment shall have been given as in Article III provided or provision satisfactory to the Fiscal Agent shall have been made for the

giving of such notice, all liability of the Governmental Lender in respect of the Funding Loans shall cease, terminate and be completely discharged, except only that thereafter the Funding Lender shall be entitled to payment by the Governmental Lender, and the Governmental Lender shall remain liable for such payment, but only out of the money or securities deposited with the Fiscal Agent as aforesaid for their payment, subject, however, to the provisions of Section 9.03 hereof.

Section 9.03 ***Payment of Funding Loan After Discharge of Funding Loan Agreement.*** Notwithstanding any provisions of this Funding Loan Agreement, and subject to applicable unclaimed property laws of the State, any money deposited with the Fiscal Agent or any paying agent in trust for the payment of the principal of, interest or Prepayment Premium on the Governmental Notes remaining unclaimed for two years after the applicable Maturity Date or earlier payment date to the extent permitted by applicable law, shall be paid to the Borrower, whereupon all liability of the Governmental Lender and the Fiscal Agent with respect to such money shall cease, and the Funding Lender shall thereafter look solely to the Borrower for payment of any amounts then due. All money held by the Fiscal Agent and subject to this Section 9.03 shall be held uninvested and without liability for interest thereon.

ARTICLE X

INTENTIONALLY OMITTED

ARTICLE XI

MISCELLANEOUS

Section 11.01 ***Servicing of the Loans.*** The Funding Lender Representative may appoint a Servicer (which may be the Funding Lender Representative if the Funding Lender Representative elects to service the Loans) to service the Loans as provided in Section 3.02 of the Project Loan Agreement. The Governmental Lender and the Fiscal Agent shall not be responsible for monitoring the performance of any Servicer or for any acts or omissions of such Servicer. The Funding Lender may, in its sole discretion, terminate or replace the Servicer.

Section 11.02 ***Limitation of Rights.*** With the exception of rights herein expressly conferred, nothing expressed or to be implied from this Funding Loan Agreement or the Governmental Notes is intended or shall be construed to give to any Person other than the Parties hereto, the Funding Lender, the Funding Lender Representative, the Servicer and the Borrower, any legal or equitable right, remedy or claim under or in respect to this Funding Loan Agreement or any covenants, conditions and provisions hereof.

Section 11.03 ***Construction of Conflicts; Severability.*** Notwithstanding anything provided herein, or in any of the documents referred to herein, in the event that any contracts or other documents executed by the Borrower or any other arrangements agreed to by the Borrower in order to finance or refinance the Project with the proceeds of the Funding Loans are inconsistent with the Project Loan Documents, then the Project Loan Documents shall be controlling in all respects. If any provision of this Funding Loan Agreement shall be held or deemed to be, or shall in fact be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or

provisions hereof or any constitution, statute, rule of law or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or sections in this Funding Loan Agreement contained, shall not affect the remaining portions of this Funding Loan Agreement, or any part thereof.

Section 11.04 ***Notices***.

(a) Whenever in this Funding Loan Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to the Governmental Lender, the Fiscal Agent, the Funding Lender Representative, the Borrower or the Servicer shall be sufficiently given and shall be deemed given (unless another form of notice shall be specifically set forth herein) on the Business Day following the date on which such notice or other communication shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt from such overnight delivery service) addressed to the appropriate party at the addresses set forth below or as may be required or permitted by this Funding Loan Agreement by Electronic Notice. The Governmental Lender, the Fiscal Agent, the Funding Lender Representative, the Borrower or the Servicer may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

The Governmental Lender:	City and County of San Francisco Mayor's Office of Housing and Community Development 1 South Van Ness Avenue, 5th Floor San Francisco, CA 94103 Attention: Director
With copies to:	Office of the City Attorney City Hall, Room 234 1 Carlton B. Goodlett Place San Francisco, CA 94102-4682 Attention: Finance Team E-mail: cityattorney@sfgov.org
	City and County of San Francisco City Hall, 1 Dr. Carlton B. Goodlett Place, Room 316 San Francisco, California 94102 Attention: City Controller

The Fiscal Agent:	U.S. Bank Trust Company, National Association 1 California Street, Suite 1000 San Francisco, California 94111 Attention: Global Corporate Trust Telephone: (415) 677-3593
With copies to:	Dorsey & Whitney 600 Anton Boulevard, Suite 2000 Costa Mesa, CA 92626 Attention: Mark Jutsen Email: Jutsen.mark@dorsey.com Telephone: (212) 415-9335
The Borrower:	2550 Irving Associates, L.P. c/o Tenderloin Neighborhood Development Corporation 201 Eddy Street San Francisco, California 94102 Attn: Chief Executive Officer
With copies to: (which copies shall not constitute notice to Borrower):	Gubb & Barshay LLP 235 Montgomery Street, Suite 1110 San Francisco, California 94104 Attention: Erica Williams Orcharton Email: ewilliams@gubbandbarshay.com Telephone: (415) 992-3675
And a copy to:	Bank of America, N.A. 100 Federal Street MA5-100-04-11 Boston, MA 02110 Attn: Asset Management Facsimile: (617) 346-2257
And a copy to:	Buchalter, a Professional Corporation 1000 Wilshire Boulevard, Ste 1500 Los Angeles, CA 90017 Attention: Michael Williamson, Esq. Email: mwilliamson@buchalter.com Telephone: 213-891-5074
Funding Lender Representative:	Bank of America, N.A. 2000 Clayton Road, Building D, 6th Floor Concord, CA 94520

	Mail Code: CA4-704-06-06 Attention: Loan Administration Manager Facsimile: (206) 585-9254
with a copy to:	Buchalter, a Professional Corporation 1000 Wilshire Boulevard, Ste 1500 Los Angeles, CA 90017 Attention: Michael Williamson, Esq. Email: mwilliamson@buchalter.com Facsimile: 213-630-5799 Matter No.: B0965-0713
Investor Limited Partner:	Bank of America, N.A. 100 Federal Street MA5-100-04-11 Boston, MA 02110 Attn: Asset Management Facsimile: (617) 346-2257
with a copy to:	Buchalter, a Professional Corporation 1000 Wilshire Boulevard, Ste 1500 Los Angeles, CA 90017 Attention: Michael Williamson, Esq. Email: mwilliamson@buchalter.com Facsimile: 213-630-5799

A duplicate copy of each notice or other communication given hereunder by any party to the Servicer shall also be given to the Funding Lender Representative and by any party to the Funding Lender Representative to the Servicer.

The Fiscal Agent is authorized to, and agrees to accept and act upon Electronic Notice of written instructions and/or directions pursuant to this Funding Loan Agreement.

(b) The Fiscal Agent shall provide to the Funding Lender Representative and the Servicer (i) prompt notice of the occurrence of any Event of Default pursuant to Section 6.01 hereof and (ii) any written information or other written communication received by the Fiscal Agent hereunder within ten (10) Business Days of receiving a written request from the Funding Lender Representative and the Servicer for any such information or other communication.

Section 11.05 ***Funding Lender Representative.***

(a) The Funding Lender is the Funding Lender Representative with respect to the Governmental Notes. The Funding Lender Representative shall be entitled to all the rights and privileges of the Funding Lender hereunder and under the other Financing Documents.

(b) The Funding Lender Representative may provide written notice to the Fiscal Agent designating particular individuals or Persons authorized to execute any consent, waiver, approval, direction or other instrument on behalf of the Funding Lender Representative, and such notice may

be amended or rescinded by the Funding Lender Representative at any time by subsequent written notice. The Funding Lender Representative may be removed and a successor appointed by a written notice in the form of Exhibit B hereto given by the Funding Lender to the Fiscal Agent, the Governmental Lender, the Servicer and the Borrower. The removal and reappointment shall be effective immediately upon receipt of such notice by the Fiscal Agent. The Funding Lender may appoint any Person to act as Funding Lender Representative, including, without limitation, the Servicer. If, for any reason, a Funding Lender Representative resigns by written notice provided to the Fiscal Agent, the Funding Lender, the Governmental Lender, the Servicer and the Borrower, all references to Funding Lender Representative herein and in the other Financing Documents shall be deemed to refer to the Funding Lender until a successor Funding Lender Representative is appointed by the Funding Lender.

(c) Whenever pursuant to this Funding Loan Agreement or any other Financing Document, the Funding Lender Representative exercises any right given to it to approve or disapprove, any arrangement or term hereof, the decision of the Funding Lender Representative to approve or disapprove or to decide whether arrangements or terms are acceptable or not acceptable shall be in the sole discretion of the Funding Lender Representative, except as otherwise specifically indicated.

(d) Each Funding Lender, by their purchase or other acquisition of the Funding Loans, shall be deemed to have acknowledged and agreed to the provisions of this Funding Loan Agreement and the other Financing Documents with respect to the Funding Lender Representative and the rights and privileges thereof, including but not limited to the right to control all remedies in respect of the Governmental Notes and the Loans, subject to the Unassigned Rights.

Section 11.06 ***Payments Due on Non-Business Days.*** In any case where a date of payment with respect to the Funding Loans shall be a day other than a Business Day, then such payment need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on such date, and no interest shall accrue for the period after such date provided that payment is made on such next succeeding Business Day.

Section 11.07 ***Counterparts.*** This Funding Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.08 ***Laws Governing Funding Loan Agreement .*** The effect and meanings of this Funding Loan Agreement and the rights of all parties hereunder shall be governed by, and construed according to, the internal laws of the State without regard to conflicts of laws principles.

Section 11.09 ***No Recourse with Respect to Governmental Lender.*** Notwithstanding anything to the contrary herein or to the contrary in any Financing Document, no recourse under or upon any obligation, covenant or agreement contained in this Funding Loan Agreement or in the Governmental Notes shall be had against any member, officer, commissioner, director or employee (past, present or future) of the Governmental Lender, either directly or through the Governmental Lender or its governing body or otherwise, for the payment for or to the Governmental Lender or any receiver thereof, or for or to the Funding Lender, or otherwise, of any sum that may be due and unpaid by the Governmental Lender or its governing body upon the Governmental Notes. Any and all personal liability of every nature whether at common law or in

equity or by statute or by constitution or otherwise of any such member, officer, commissioner, director or employee, as such, to respond by reason of any act of omission on his/her part or otherwise, for the payment for or to the Funding Lender or otherwise of any sum that may remain due and unpaid with respect to the Funding Loans hereby secured is, by the acceptance hereof, expressly waived and released as a condition of and in consideration for the execution of this Funding Loan Agreement and the delivery of the Governmental Notes. The Funding Lender's remedies in the event of a default under the Funding Loans shall be limited to those remedies set forth herein and, if an Event of Default also exists under the Project Loan Agreement or the Project Notes, to commence foreclosure under the Security Instrument and the other Project Loan Documents and to exercise of the power of sale or other rights granted thereunder. In the event of a default hereunder or under the Governmental Notes, the Funding Lender shall not have the right to proceed directly against the Governmental Lender or the right to obtain a deficiency judgment from the Governmental Lender after foreclosure. Nothing contained in the foregoing shall limit any rights or remedies the Governmental Lender, the Funding Lender or the Servicer may have against the Borrower.

Section 11.10 ***Successors and Assigns.*** All the covenants and representations contained in this Funding Loan Agreement by or on behalf of the parties hereto shall bind and inure to the benefit of their successors and assigns, whether so expressed or not.

Section 11.11 ***Electronic Transactions.*** The transactions described in this Funding Loan Agreement may be conducted and related documents and may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 11.12 ***City Contracting Provisions.*** The Funding Lender and the Fiscal Agent each covenant and agree to comply with the provisions set forth in Exhibit G to this Funding Loan Agreement, which is incorporated in and made a part of this Funding Loan Agreement by this reference.

[Signature Pages Follow**]**

IN WITNESS WHEREOF, the Governmental Lender, the Funding Lender and the Fiscal Agent have caused this Funding Loan Agreement to be executed and delivered by duly authorized officers thereof as of the day and year first written above.

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Eric D. Shaw, Director
Mayor's Office of Housing and
Community Development

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: _____
Kenneth D. Roux, Deputy City Attorney

BANK OF AMERICA, N.A.

By: _____
Name: _____
Title: _____

U.S. BANK TRUST COMPANY, NATIONAL ASSOCATION, as Fiscal Agent

By: _____
Name:
Title:

EXHIBIT A-1

FORM OF TAX-EXEMPT GOVERNMENTAL NOTE

$51,846,000
CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA
MULTIFAMILY HOUSING REVENUE NOTE
(2550 Irving)

THE TRANSFERABILITY HEREOF IS RESTRICTED BY THE TERMS OF SECTION 2.08 OF THE FUNDING LOAN AGREEMENT DESCRIBED HEREIN, INCLUDING THE PROVISION THEREOF LIMITING OWNERSHIP OF THIS NOTE TO A "QUALIFIED TRANSFEREE" (AS DEFINED IN THE FUNDING LOAN AGREEMENT).

US $51,846,000 May __, 2024

FOR VALUE RECEIVED, the undersigned, CITY AND COUNTY OF SAN FRANCISCO (the "**Obligor**"), promises to pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement referenced below) to the order of BANK OF AMERICA, N.A. (the "**Funding Lender**"), and its assigns, the maximum principal sum of FIFTY-ONE MILLION, EIGHT HUNDRED AND FORTY-SIX THOUSAND DOLLARS (US $51,846,000), plus premium, if any, and interest thereon and to pay the other amounts owing from time to time hereunder, all as set forth below.

This Multifamily Note (this "**Note**") is being delivered pursuant to that certain Funding Loan Agreement dated as of May 1, 2024 (together with any and all amendments, modifications, supplements and restatements, the "**Funding Loan Agreement**"), among the Funding Lender, the Obligor and U.S. Bank Trust Company, National Association (the "**Fiscal Agent**"), pursuant to which the Obligor has incurred a loan in the maximum aggregate principal amount of $51,846,000 (the "**Tax-Exempt Funding Loan**"), and this Note is entitled to the benefits of the Funding Loan Agreement and is subject to the terms, conditions and provisions thereof. The Obligor is using the proceeds of the Funding Loan to make a loan to 2550 Irving Associates, L.P. (the "**Borrower**") pursuant to the Project Loan Agreement dated as of May 1, 2024 (the "**Project Loan Agreement**"), among the Obligor, the Borrower and the Fiscal Agent. The outstanding principal balance of this Note at any time shall be an amount equal to the proceeds of the Tax-Exempt Funding Loan advanced by the Funding Lender under the Funding Loan Agreement Note and not otherwise prepaid.

1. **Defined Terms**. As used in this Note, (i) the term "Funding Lender" means the holder of this Note, and (ii) the term "Indebtedness" means the principal of, premium, if any, and interest on or any other amounts due at any time under this Note or the Funding Loan Agreement. "Event of Default" and other capitalized terms used but not defined in this Note shall have the meanings given to such terms in the Funding Loan Agreement.

2. **Payments of Principal and Interest**. The Obligor shall pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement) on the first calendar day of each month commencing June 1, 2024, interest on this Note at the Interest Rate, and shall also

pay interest on this Note at the foregoing rate on the date of any optional or mandatory prepayment or acceleration of all or part of the Tax-Exempt Funding Loan pursuant to the Funding Loan Agreement, in an amount equal to the accrued and unpaid interest to the date of prepayment on the portion of this Governmental Note subject to prepayment (each such date for payment an "**Interest Payment Date**"). Interest shall accrue on the principal amount of the Funding Loan which has been advanced under the Funding Loan Agreement and is outstanding as reflected on the Record of Advances. Interest on this Note shall be computed on the basis of 360-day year and the actual number of days elapsed and shall accrue from the date of deliver to the Funding Lender.

The Obligor shall pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement) the outstanding principal of this Note in full on **[_____]** (the "**Maturity Date**") and in such amounts as may be required, in the event of an optional or mandatory prepayment or acceleration of the Tax-Exempt Funding Loan pursuant to the Funding Loan Agreement. The outstanding principal hereof is subject to acceleration at the time or times and under the terms and conditions, and with notice, if any, as provided under the Funding Loan Agreement.

3. **Manner of Payment**. All payments under this Note shall be made in lawful currency of the United States and in immediately available funds as provided for herein and in the Funding Loan Agreement.

4. **Application of Payments**. If at any time the Funding Lender receives any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, the Funding Lender may apply that payment to amounts then due and payable in any manner and in any order determined by the Funding Lender, in the Funding Lender's discretion. Neither the Funding Lender's acceptance of a payment in an amount that is less than all amounts then due and payable nor the Funding Lender's application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

5. **Security**. The Indebtedness is secured by, among other things, the Pledged Security pledged pursuant to the Funding Loan Agreement.

6. **Acceleration**. If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, and all other amounts payable under this Note shall at once become due and payable, at the option of the Funding Lender, as governed by the Funding Loan Agreement, without any prior notice to the Obligor (unless required by applicable law). The Funding Lender may exercise this option to accelerate regardless of any prior forbearance.

7. **Prepayment; Prepayment Premium**. This Note is subject to prepayment as specified in the Funding Loan Agreement. Prepayment Premium shall be payable as specified in the Funding Loan Agreement.

8. **Forbearance**. Any forbearance by the Funding Lender in exercising any right or remedy under this Note any other document evidencing or securing the Tax-Exempt Funding Loan or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by the Funding Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of the Funding Lender's right to require prompt payment when due of all other payments

or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by the Funding Lender of any security for the obligations under this Note shall not constitute an election by the Funding Lender of remedies so as to preclude the exercise of any other right or remedy available to the Funding Lender.

9. **Waivers**. Presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace and diligence in collecting the Indebtedness are waived by the Obligor and all endorsers and guarantors of this Note and all other third-party obligors.

10. **Default Rate**. So long as (a) any monthly installment under this Note remains past due, (b) any other Event of Default has occurred and is continuing, or (c) a Determination of Taxability has occurred and is continuing, interest under this Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid monthly installment, the occurrence of any other Event of Default, or the occurrence of a Determination of Taxability, as applicable, at the Default Rate. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate.

11. **Loan Charges**. Neither this Note nor any of the other Financing Documents will be construed to create a contract for the use, forbearance, or detention of money requiring payment of interest at a rate greater than the rate of interest which results in the maximum amount of interest allowed by applicable law (the "**Maximum Interest Rate**"). If any applicable law limiting the amount of interest or other charges permitted to be collected from Obligor in connection with the Tax-Exempt Funding Loan is interpreted so that any interest or other charge provided for in any Financing Document, whether considered separately or together with other charges provided for in any other Financing Document, violates that law, and Obligor is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Funding Lender in excess of the permitted amounts will be applied by Funding Lender to reduce the unpaid principal balance of this Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Obligor has been violated, all indebtedness that constitutes interest, as well as all other charges made in connection with the indebtedness that constitute interest, will be deemed to be allocated and spread ratably over the stated term of this Note. Unless otherwise required by applicable law, such allocation and spreading will be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of this Note.

12. **Governing Law**. This Note shall be governed by the internal laws of the State of California without regard to conflicts of laws principles.

13. **Captions**. The captions of the paragraphs of this Note are for convenience only and shall be disregarded in construing this Note.

14. **Address for Payment**. All payments due under this Note shall be payable at the principal office of the Funding Lender as designated by the Funding Lender in writing to the Fiscal Agent and the Servicer.

15. **Project Note**. Anything herein or in the Funding Loan Agreement to the contrary notwithstanding, amounts shall not be due and payable hereunder except at the rates, in the amounts, and at the times due and payable under the Project Note. In the event of any conflict between the payment terms of the Project Note and this Governmental Note, the terms of the Project Note shall control, provided, however, that the Governmental Lender's obligation hereunder shall be limited as set forth herein and payable solely from the Pledged Security.

16. **Limited Obligation**. This Note is a limited obligation of the Obligor, payable solely from the Pledged Security pledged and assigned under the Funding Loan Agreement. None of the Obligor, the State, or any political subdivision thereof (except the Obligor, to the limited extent set forth herein) nor any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on this Note or for the performance of any pledge, obligation or agreement of any kind whatsoever except as set forth herein, and neither this Note or any of the Obligor's agreements or obligations shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever.

17. **Registration and Transfer**. The Tax-Exempt Funding Loan, or any interest therein, and this Note, shall be in fully-registered form transferable to subsequent holders only on the registration books which shall be maintained by the Fiscal Agent for such purpose and which shall be open to inspection by the Governmental Lender. The Funding Loan, or any interest therein, and this Note, is only transferable subject to and in accordance with the limitations set forth in the Funding Loan Agreement.

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

This Note may not be changed orally.

[Signature page follows**]**

IN WITNESS WHEREOF, the Obligor has caused this Multifamily Note to be duly executed by the manual signature of its Authorized Officer as of the date first set forth above.

OBLIGOR:

CITY AND COUNTY OF SAN FRANCISCO

By:_____
London N. Breed
Mayor

CERTIFICATE OF AUTHENTICATION

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

Date of Authentication: _____

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION

By:_____
Authorized Signer

EXHIBIT A-2

FORM OF TAXABLE GOVERNMENTAL NOTE

$[23,182,716]
CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA
TAXABLE MULTIFAMILY HOUSING REVENUE NOTE
(2550 IRVING)

THE TRANSFERABILITY HEREOF IS RESTRICTED BY THE TERMS OF SECTION 2.08 OF THE FUNDING LOAN AGREEMENT DESCRIBED HEREIN, INCLUDING THE PROVISION THEREOF LIMITING OWNERSHIP OF THIS NOTE TO A "QUALIFIED TRANSFEREE" (AS DEFINED IN THE FUNDING LOAN AGREEMENT).

US $**[**23,182,716**]** May __, 2024

FOR VALUE RECEIVED, the undersigned, CITY AND COUNTY OF SAN FRANCISCO (the "**Obligor**"), promises to pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement referenced below) to the order of JPMOGAN CHASE BANK, N.A. (the "**Funding Lender**"), and its assigns, the maximum principal sum of TWENTY-THREE MILLION, ONE HUNDRED AND EIGHTY-TWO THOUSAND, SEVEN HUNDRED AND SIXTEEN (US $**[**23,182,716**]**), and interest thereon and to pay the other amounts owing from time to time hereunder, all as set forth below.

This Multifamily Note (this "**Note**") is being delivered pursuant to that certain Funding Loan Agreement dated as of May 1, 2024 (together with any and all amendments, modifications, supplements and restatements, the "**Funding Loan Agreement**"), among the Funding Lender, the Obligor and U.S. Bank Trust Company, National Association (the "**Fiscal Agent**"), pursuant to which the Obligor has incurred a loan in the maximum aggregate principal amount of $**[**23,182,716**]** (the "**Taxable Funding Loan**"), and this Note is entitled to the benefits of the Funding Loan Agreement and is subject to the terms, conditions and provisions thereof. The Obligor is using the proceeds of the Taxable Funding Loan to make a loan to 2550 Irving Associates, L.P. (the "**Borrower**") pursuant to the Project Loan Agreement dated as of May 1, 2024 (the "**Project Loan Agreement**"), among the Obligor, the Borrower and the Fiscal Agent. The outstanding principal balance of this Note at any time shall be an amount equal to the proceeds of the Taxable Funding Loan advanced by the Funding Lender under the Funding Loan Agreement and not otherwise prepaid.

1. **Defined Terms**. As used in this Note, (i) the term "Funding Lender" means the holder of this Note, and (ii) the term "Indebtedness" means the principal of, premium, if any, and interest on or any other amounts due at any time under this Note or the Funding Loan Agreement. "Event of Default" and other capitalized terms used but not defined in this Note shall have the meanings given to such term in the Funding Loan Agreement.

2. **Payments of Principal and Interest**. The Obligor shall pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement) on the first calendar day of each month commencing June 1, 2024, interest on this Note at the Interest Rate, and shall also

pay interest on this Note at the foregoing rate on the date of any optional or mandatory prepayment or acceleration of all or part of the Taxable Funding Loan pursuant to the Funding Loan Agreement, in an amount equal to the accrued and unpaid interest to the date of prepayment on the portion of this Note subject to prepayment (each such date for payment an "**Interest Payment Date**"). Interest shall accrue on the principal amount of the Taxable Funding Loan which has been advanced under the Funding Loan Agreement and is outstanding as reflected on the Record of Advances. Interest on this Note shall be computed on the basis of a 360-day year and the actual number of days elapsed and shall accrue from the date of delivery to the Funding Lender.

The Obligor shall pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement) the outstanding principal of this Note in full on **[_____]** (the "**Maturity Date**") or at such earlier times and in such amounts as may be required, in the event of an optional or mandatory prepayment or acceleration of the Taxable Funding Loan pursuant to the Funding Loan Agreement. The outstanding principal hereof is subject to acceleration at the time or times and under the terms and conditions, and with notice, if any, as provided under the Funding Loan Agreement.

3. **Manner of Payment**. All payments under this Note shall be made in lawful currency of the United States and in immediately available funds as provided for herein and in the Funding Loan Agreement.

4. **Application of Payments**. If at any time the Funding Lender receives any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, the Funding Lender may apply that payment to amounts then due and payable in any manner and in any order determined by the Funding Lender, in the Funding Lender's discretion. Neither the Funding Lender's acceptance of a payment in an amount that is less than all amounts then due and payable nor the Funding Lender's application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

5. **Security**. The Indebtedness is secured by, among other things, the Pledged Security pledged pursuant to the Funding Loan Agreement.

6. **Acceleration**. If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, and all other amounts payable under this Note shall at once become due and payable, at the option of the Funding Lender, as governed by the Funding Loan Agreement, without any prior notice to the Obligor (unless required by applicable law). The Funding Lender may exercise this option to accelerate regardless of any prior forbearance.

7. **Prepayment; Prepayment Premium**. This Note is subject to prepayment as specified in the Funding Loan Agreement. Prepayment Premium shall be payable as specified in the Funding Loan Agreement.

8. **Forbearance**. Any forbearance by the Funding Lender in exercising any right or remedy under this Note any other document evidencing or securing the Taxable Funding Loan or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by the Funding Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of the Funding Lender's right to require prompt payment when due of all other payments

or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by the Funding Lender of any security for the obligations under this Note shall not constitute an election by the Funding Lender of remedies so as to preclude the exercise of any other right or remedy available to the Funding Lender.

9. **Waivers**. Presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace and diligence in collecting the Indebtedness are waived by the Obligor and all endorsers and guarantors of this Note and all other third-party obligors.

10. **Default Rate**. So long as (a) any monthly installment under this Note remains past due, or (b) any other Event of Default has occurred and is continuing, interest under this Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid monthly installment or the occurrence of any other Event of Default, as applicable, at the Default Rate. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate.

11. **Loan Charges**. Neither this Note nor any of the other Financing Documents will be construed to create a contract for the use, forbearance, or detention of money requiring payment of interest at a rate greater than the rate of interest which results in the maximum amount of interest allowed by applicable law (the "**Maximum Interest Rate**"). If any applicable law limiting the amount of interest or other charges permitted to be collected from Obligor in connection with the Taxable Funding Loan is interpreted so that any interest or other charge provided for in any Financing Document, whether considered separately or together with other charges provided for in any other Financing Document, violates that law, and Obligor is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Funding Lender in excess of the permitted amounts will be applied by Funding Lender to reduce the unpaid principal balance of this Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Obligor has been violated, all indebtedness that constitutes interest, as well as all other charges made in connection with the indebtedness that constitute interest, will be deemed to be allocated and spread ratably over the stated term of this Note. Unless otherwise required by applicable law, such allocation and spreading will be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of this Note.

12. **Governing Law**. This Note shall be governed by the internal laws of the State of California without regard to conflicts of laws principles.

13. **Captions**. The captions of the paragraphs of this Note are for convenience only and shall be disregarded in construing this Note.

14. **Address for Payment**. All payments due under this Note shall be payable at the principal office of the Funding Lender as designated by the Funding Lender in writing to the Fiscal Agent and the Servicer.

15. **Project Note**. Anything herein or in the Funding Loan Agreement to the contrary notwithstanding, amounts shall not be due and payable hereunder except at the rates, in the

amounts, and at the times due and payable under the Project Note. In the event of any conflict between the payment terms of the Project Note and this Note, the terms of the Project Note shall control, provided, however, that the Governmental Lender's obligation hereunder shall be limited as set forth herein and payable solely from the Pledged Security.

16. **Limited Obligation**. This Note is a limited obligation of the Obligor, payable solely from the Pledged Security pledged and assigned under the Funding Loan Agreement. None of the Obligor, the State, or any political subdivision thereof (except the Obligor, to the limited extent set forth herein) nor any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on this Note or for the performance of any pledge, obligation or agreement of any kind whatsoever except as set forth herein, and neither this Note or any of the Obligor's agreements or obligations shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever.

17. **Registration and Transfer**. The Taxable Funding Loan, or any interest therein, and this Governmental Note, shall be in fully-registered form transferable to subsequent holders only on the registration books which shall be maintained by the Fiscal Agent for such purpose and which shall be open to inspection by the Governmental Lender. The Taxable Funding Loan, or any interest therein, and this Note, is only transferable subject to and in accordance with the limitations set forth in the Funding Loan Agreement.

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

This Note may not be changed orally.

[Signature page follows**]**

IN WITNESS WHEREOF, the Obligor has caused this Multifamily Note to be duly executed by the manual signature of its Authorized Officer as of the date first set forth above.

OBLIGOR:

CITY AND COUNTY OF SAN FRANCISCO

By:_____
London N. Breed
Mayor

CERTIFICATE OF AUTHENTICATION

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

Date of Authentication: _____

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION

By:_____
Authorized Signer

EXHIBIT B

FORM OF NOTICE OF APPOINTMENT OF FUNDING LENDER REPRESENTATIVE

U.S. Bank Trust Company, National Association
1 California Street, Suite 1000
San Francisco, California 94111

2550 Irving Associates, L.P.
c/o Tenderloin Neighborhood Development Corporation
201 Eddy Street
San Francisco, California 94102
Attn: Chief Executive Officer

City and County of San Francisco
Mayor's Office of Housing and Community Development
Attention: Director
1 South Van Ness Avenue, 5th Floor,
San Francisco, CA 94103

Re: **$51,846,000 City and County Of San Francisco, California Multifamily Housing Revenue Note (2550 Irving) and**

$[23,182,716] City and County Of San Francisco, California Taxable Multifamily Housing Revenue Note (2550 Irving)

Ladies and Gentlemen:

The undersigned is the holder (the "**Funding Lender**") of the Multifamily Notes captioned above, dated May __, 2024 (the "**Governmental Notes**") delivered pursuant to the Funding Loan Agreement dated as of May 1, 2024 (the "**Funding Loan Agreement**"), among Bank of America, N.A., in its capacity as Funding Lender (the "**Funding Lender**"), the City and County of San Francisco (the "**Governmental Lender**") and U.S. Bank Trust Company, National Association (the "**Fiscal Agent**"). Pursuant to Section 11.05 of the Funding Loan Agreement, you are hereby notified that, effective immediately upon receipt of this notice by the Fiscal Agent, the Funding Lender Representative appointed under Section 11.05 of the Funding Loan Agreement shall be _____. **[**The person or entity previously appointed as Funding Lender Representative shall upon the effectiveness of this notice no longer have any further rights or obligations as Funding Lender Representative.**]**

The following individual or individuals shall have the authority to execute any consent, waiver, approval, direction or other instrument on behalf of the Funding Lender Representative and the signature(s) set forth next to his/her (their) name(s) is (are) his/her (their) true and correct signature(s).

NAME	SIGNATURE
_____	_____
_____	_____

_____ _____

_____ _____

Additional individuals may be given such authority by written notice to you from the Funding Lender Representative or from the Funding Lender.

This notice is dated as of the _____ day of _____, _____.

BANK OF AMERICA, N.A.

By: _____
Name:
Title:

EXHIBIT C

FORM OF TRANSFEREE REPRESENTATIONS LETTER

[To be prepared on letterhead of transferee**]**

[Date**]**

City and County of San Francisco
Mayor's Office of Housing and Community Development
Attention: Director
1 South Van Ness Avenue, 5th Floor,
San Francisco, CA 94103

U.S. Bank Trust Company, National Association
1 California Street, Suite 1000
San Francisco, California 94111

Re: **$51,846,000 City and County Of San Francisco, California Multifamily Housing Revenue Note (2550 Irving) and**

$[23,182,716] City and County Of San Francisco, California Taxable Multifamily Housing Revenue Note (2550 Irving)

Ladies and Gentlemen:

The undersigned (the "Funding Lender") hereby acknowledges receipt of the Multifamily Notes captioned above, dated May __, 2024 (the "Governmental Notes") delivered pursuant to the Funding Loan Agreement dated as of May 1, 2024 (the "Funding Loan Agreement"), among Bank of America, N.A., in its capacity as Funding Lender (the "Funding Lender"), the City and County of San Francisco (the "Governmental Lender") and U.S. Bank Trust Company, National Association (the "Fiscal Agent"). Capitalized terms used herein and not otherwise defined have the meanings given to such terms in the Funding Loan Agreement.

In connection with the **[**origination/purchase**]** of the Funding Loans by the Funding Lender, the Funding Lender hereby makes the following representations upon which you may rely:

1. The Funding Lender has authority to **[**originate/purchase**]** the Funding Loans and to execute this letter, and any other instruments and documents required to be executed by the Funding Lender in connection with the **[**origination/purchase**]** of the Funding Loans.

2. The Funding Lender is an "accredited investor" under Regulation D of the Securities Act of 1933 (the "Act") or a "qualified institutional buyer" under Rule 144(a) of said Act (such "accredited investor" or "qualified institutional buyer", a "Qualified Transferee"), and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Funding Loans.

3. The Funding Lender acknowledges that it is **[**originating/purchasing**]** the Funding Loan for investment for its own account and not with a present view toward resale or the distribution thereof (except as set forth below), in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the Funding Loan (except as set forth below); provided, however, that the Funding Lender may, notwithstanding the foregoing and the terms of Paragraph 4 below, (i) transfer the Funding Loan to any affiliate or other party related to the Funding Lender that is a Qualified Transferee or (ii) sell or transfer the Funding Loan to a special purpose entity, a trust or a custodial or similar pooling arrangement from which the Funding Loan or securitized interests therein are not expected to be sold except to (x) owners or beneficial owners thereof that are Qualified Transferees or (y) in circumstances where secondary market credit enhancement is provided for such securitized interests resulting in a rating thereof of at least "A" or better.

4. In addition to the right to sell or transfer the Funding Loans as set forth in Paragraph 3 above, the Funding Lender further acknowledges its right to sell or transfer the Funding Loans, subject, as required under the Funding Loan Agreement, to the delivery to the Fiscal Agent of a transferee representations letter from the transferee to substantially the same effect as this Transferee Representations Letter or in such other form authorized by the Funding Loan Agreement with no revisions except as may be approved in writing by the Governmental Lender.

5. The Funding Lender understands that the Governmental Notes are not registered under the Act and that such registration is not legally required as of the date hereof; and further understands that the Governmental Notes (a) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating service and (d) will be delivered in a form which may not be readily marketable. The Funding Lender acknowledges that no disclosure document has been prepared in connection with the sale of the Governmental Notes.

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

7. The Funding Lender has either been supplied with or been given access to information, including financial statements and other financial information, which it considers necessary to make an informed decision in connection with the **[**origination/purchase**]** of the Funding Loans. The Funding Lender has not relied upon the Governmental Lender for any information in connection with its purchase of the Funding Loan.

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

All agreements, representations and warranties made herein shall survive the execution and delivery of this letter agreement and, notwithstanding any investigation heretofore or hereafter, shall continue in full force and effect.

[SIGNATURE BLOCK]

By:_____
Name:_____
Title:_____

EXHIBIT D

CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA
MULTIFAMILY HOUSING REVENUE NOTE
(2550 IRVING)

Maximum Tax-Exempt Note Amount: $51,840,000
Maximum Taxable Note Amount: $[23,182,716]

COSTS OF ISSUANCE REQUISITION
(Cost of Issuance Fund)

U.S. Bank Trust Company, National Association, as Fiscal Agent

You are requested to disburse funds from the Cost of Issuance Fund pursuant to Section 4.13 of the Funding Loan Agreement in the amount(s), to the person(s) and for the purpose(s) set forth in this requisition (the "**Requisition**"). The terms used in this requisition shall have the meaning given to those terms in the Funding Loan Agreement (the "**Funding Loan Agreement**"), dated as of May 1, 2024, by and among Bank of America, N.A., in its capacity as Funding Lender (the "Funding Lender"), the City and County of San Francisco and U.S. Bank Trust Company, National Association, as Fiscal Agent, securing the Multifamily Notes captioned above, dated May __, 2024 (the "**Governmental Notes**").

REQUISITION NO.:
PAYMENT DUE TO:
AMOUNT TO BE DISBURSED: $

The undersigned, on behalf of 2550 Irving Associates, L.P., a limited partnership duly organized and existing under the laws of the State of California (the "**Borrower**"), certifies that:

(a) the expenditures for which money is requisitioned by this Requisition represent proper charges against the Cost of Issuance Fund, have not been included in any previous requisition and are set forth in the Schedule attached to this Requisition, with invoices attached for any sums for which reimbursement is requested; and

(b) the money requisitioned is not greater than those necessary to meet obligations due and payable or to reimburse the applicable party for funds actually advanced for Costs of Issuance.

Attached to this Requisition is a Schedule, together with copies of invoices or bills of sale covering all items for which payment is being requested.

Date of Requisition: _____

2550 IRVING ASSOCIATES, L.P.,
a California limited partnership

By: 2550 Irving GP LLC,
a California limited liability company,
its general partner

By: Tenderloin Neighborhood Development Corporation,
a California nonprofit public benefit corporation,
its manager

By: _____
Katherine Lamont
Interim Co-Chief Executive Officer

EXHIBIT E

CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA
MULTIFAMILY HOUSING REVENUE NOTE
(2550 IRVING)

Maximum Tax-Exempt Note Amount: $51,840,000
Maximum Taxable Note Amount: $[23,182,716]

PROJECT LOAN FUND REQUISITION
(Project Loan Fund)

U.S. Bank Trust Company, National Association, as Fiscal Agent

You are requested to disburse funds from the Project Loan Fund pursuant to Section 4.02 of the Funding Loan Agreement in the amount(s), to the person(s) and for the purpose(s) set forth in this requisition (the "**Requisition**"). The terms used in this requisition shall have the meaning given to those terms in the Funding Loan Agreement (the "**Funding Loan Agreement**"), dated as of May 1, 2024, by and among Bank of America, N.A., in its capacity as Funding Lender (the "**Funding Lender**"), the City and County of San Francisco (the "**Governmental Lender**") and U.S. Bank Trust Company, National Association, as Fiscal Agent (the "**Fiscal Agent**"), securing the Multifamily Notes captioned above, dated May __, 2024 (the "**Governmental Notes**").

REQUISITION NO.:
PAYMENT DUE TO:
AMOUNT(S) TO BE DISBURSED: $_____ from the Tax-Exempt Sub Account of the Project Account
$_____ from the Taxable Sub Account of the Project Account
$_____ from the Borrower Equity Account

The undersigned Borrower hereby represents and warrants that the following information and certifications provided in connection with this Requisition are true and correct as of the date hereof and authorizes Servicer to submit this Requisition to the Fiscal Agent on behalf of Borrower:

1. Purposes for which disbursement is requested are specified in the **attached Schedule**.

2. Party or parties to whom the disbursements shall be made are specified in the **attached Schedule** (may be the undersigned in the case of reimbursement for advances and payments made or cost incurred for work done by the undersigned); provided, that no reimbursement shall be made for advances and payments made prior to **[_____]**).

3. The undersigned certifies that:

a. the conditions precedent to disbursement set forth in the Continuing Covenant Agreement have been satisfied;

b. the disbursement requested pursuant to this Requisition **[**(1) from the Project Account will be used solely to pay a Cost of the Project allowable under the Funding Loan Agreement and the Continuing Covenant Agreement and (2) from the Borrower Equity Account will be used solely to pay a cost allowable under the Funding Loan Agreement and the Continuing Covenant Agreement**]**;

c. none of the items for which disbursement is requested pursuant to this Requisition has formed the basis for any disbursement previously made from the Project Loan Fund and all such items have been properly recorded in Borrower's books and are set forth on the Schedule attached hereto, along with paid invoices attached for any sum for which reimbursement is requested and invoices or bills of sales for all other items;

d. all labor and materials for which disbursements have been requested have been incorporated into the Project in accordance with reasonable and standard building practices, the Continuing Covenant Agreement and all applicable laws, ordinances, rules and regulations of any governmental authority having jurisdiction over the Project;

e. the materials, supplies and equipment furnished or installed for the Improvements are not subject to any lien or security interest or that the funds to be disbursed pursuant to this Requisition are to be used to satisfy any such lien or security interest;

f. all of the funds being requisitioned are being used in compliance with all tax covenants set forth in the Funding Loan Agreement, the Project Loan Agreement, the Tax Regulatory Agreement and the Tax Certificate, including that none of the proceeds of the Tax-Exempt Funding Loan (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;

g. not less than 95% of the sum of:

(A) the amounts requisitioned by this Requisition to be funded with the proceeds of the Tax-Exempt Governmental Note; plus

(B) all amounts allocated to the Governmental Note previously disbursed from the Tax-Exempt Subaccount Project Loan Fund;

have been or will be applied by Borrower to pay the Costs of the Project;

h. Borrower is not in default under the Project Loan Agreement, the Continuing Covenant Agreement or any other Project Loan Document to which it is a party and nothing has occurred to the knowledge of Borrower that would prevent the performance of its obligations under such documents;

i. no amounts being requisitioned hereby from the Tax-Exempt Sub Account of the Project Account will be used to pay, or reimburse, any Costs of Issuance incurred in connection with the delivery of the Tax-Exempt Governmental Note or pay debt service with respect to the Loans; and

j. Funds deposited with Borrower for further disbursement to third parties shall be paid to such third parties by check dated the date of such deposit and Borrower reasonably expects such funds will be disbursed from its account within five Business Days of such deposit.

[Following items shall not be required for Initial Disbursement**]**

4. Estimated costs of completing the uncompleted construction of the Project as of the date of this Requisition: _____.

5. Percent of construction of the Project completed as of the date this request: _____%

IN WITNESS WHEREOF, the undersigned has executed this Requisition as of the day and date first above written.

Date:_____

2550 IRVING ASSOCIATES, L.P.,
a California limited partnership

By: 2550 Irving GP LLC,
a California limited liability company,
its general partner

By: Tenderloin Neighborhood Development Corporation,
a California nonprofit public benefit corporation,
its manager

By: _____
Katherine Lamont
Interim Co-Chief Executive Officer

APPROVED:

[for disbursements from Deferred Fee Subaccount pursuant to Section 4.02(g) of the Funding Loan Agreement:]

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Name:
Title:

[for all other Project Loan Fund Disbursements:]

[SERVICER SIGNATURE BLOCK]

By: _____
Name:
Title:

EXHIBIT F

INTEREST RATE

The Interest Rate for each Governmental Note shall be as provided in the applicable Project Note.

EXHIBIT G

CITY AND COUNTY OF SAN FRANCISCO
MANDATORY CONTRACTING PROVISIONS

The following provisions shall apply to this Funding Loan Agreement as if set forth in the text hereof. Capitalized terms used but not defined in this Exhibit shall have the meanings given in this Funding Loan Agreement. As used herein, the Funding Lender and Fiscal Agent shall together be known as the "Obligated Party".

1. Nondiscrimination; Penalties.

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

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

2. MacBride Principles—Northern Ireland. The provisions of San Francisco Administrative Code Chapter12F are incorporated herein by this reference and made part of this Funding Loan Agreement. By signing this Funding Loan Agreement, Trustee confirms that Trustee has read and understood that City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

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

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

5. Compliance with Americans with Disabilities Act. Trustee acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to people with disabilities. Trustee shall provide the services specified in this Funding Loan Agreement in a manner that complies with the ADA and all other applicable federal, state and local disability rights legislation. Trustee agrees not to discriminate against people with disabilities in the provision of services, benefits or activities provided under this Funding Loan Agreement and further agrees that any violation of this prohibition on the part of Trustee, its employees, agents or assigns will constitute a material breach of this Funding Loan Agreement.

6. Sunshine Ordinance. Trustee acknowledges that this Funding Loan Agreement and all records related to its formation, Trustee's performance of services pursuant to this Funding Loan Agreement, and City's payment are subject to the California Public Records Act, (California Government Code § 7920 et seq.), and the San Francisco Sunshine Ordinance, (San Francisco Administrative Code Chapter 67). Such records are subject to public inspection and copying unless exempt from disclosure under federal, state, or local law.

7. Limitations on Contributions. By executing this Funding Loan Agreement, Trustee acknowledges its obligations under Section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with, or is seeking a contract with, any department of City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, for a grant, loan or loan guarantee, or for a development agreement, from making any campaign contribution to (i) a City elected official if the contract must be approved by that official, a board on which that official serves, or the board of a state agency on which an appointee of that official serves; (ii) a candidate for that City elective office; or (iii) a committee controlled by such elected official or a candidate for that office, at any time from the submission of a proposal for the contract until the later of either the termination of negotiations for such contract or twelve months after the date City approves the contract. The prohibition on contributions applies to each prospective party to the contract; each member of Trustee's board of directors; Trustee's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than ten percent (10%) in Trustee; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Trustee. Trustee certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

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

9. Requiring Health Benefits for Covered Employees. If Administrative Code Chapter 12Q applies to this contract, Trustee shall comply with the requirements of Chapter 12Q. For each Covered Employee, Trustee shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Trustee chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission. Information about and the text of Chapter 12Q, as well as the Health Commission's minimum standards, is available on the web at http://sfgov.org/olse/hcao. Trustee is subject to the enforcement and penalty provisions in Chapter 12Q. Any subcontract entered into by Trustee shall require any subcontractor with 20 or more employees to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section.

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

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

In the performance of its services, Trustee may have access to, or collect on City's behalf, City Data, which may include proprietary or Confidential Information that if disclosed to third parties may damage City. If City discloses proprietary or Confidential Information to Trustee, or Trustee collects such information on City's behalf, such information must be held by Trustee in confidence and used only in performing the Funding Loan Agreement. Trustee shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary or Confidential Information.

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

The requirements of Chapter 12T shall only apply to a Trustee's operations to the extent those operations are in furtherance of the performance of this Funding Loan Agreement, shall apply only to applicants and employees who would be or are performing work in furtherance of

this Funding Loan Agreement, and shall apply when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco. Chapter 12T shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

13. Submitting False Claims; Monetary Penalties. The full text of San Francisco Administrative Code Section 21.35, including the enforcement and penalty provisions, is incorporated into this Funding Loan Agreement. Any contractor or subcontractor who submits a false claim shall be liable to City for the statutory penalties set forth in that section.

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

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

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

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

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

19. Prevailing Wages. Services to be performed by Trustee under this Funding Loan Agreement may involve the performance of work covered by the California Labor Code Sections 1720 and 1782, as incorporated within Section 6.22(e) of the San Francisco Administrative Code, or San Francisco Administrative Code Chapter 21C (collectively, "Covered Services"), which is incorporated into this Funding Loan Agreement as if fully set forth herein and will apply to any Covered Services performed by Trustee.

PROJECT LOAN AGREEMENT

among

CITY AND COUNTY OF SAN FRANCISCO,
as Governmental Lender,

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Fiscal Agent,

and

2550 IRVING ASSOCIATES L.P.,
as Borrower

Relating to

2550 Irving
2550 Irving Street, San Francisco, California

Maximum Tax-Exempt Project Loan Principal Amount: $51,846,000
Maximum Taxable Project Loan Principal Amount: $23,182,716

Dated as of May 1, 2024

All of the right, title and interest of the City and County of San Francisco (except for its Unassigned Rights) in and to this Project Loan Agreement are being assigned to U.S. Bank Trust Company, National Association, as Fiscal Agent, as security for the Funding Loans made pursuant to that certain Funding Loan Agreement dated as of May 1, 2024 by and among the Governmental Lender, the Funding Lender named therein and the Fiscal Agent under which the Funding Lender is originating loans to the Governmental Lender to fund the Project Loans made under this Project Loan Agreement.

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PROJECT LOAN AGREEMENT

THIS PROJECT LOAN AGREEMENT (this "**Project Loan Agreement**") is made and entered into as of May 1, 2024, by and among the **CITY AND COUNTY OF SAN FRANCISCO** (the "**Governmental Lender**"), a municipal corporation organized and existing under the laws of the State of California (the "**State**"), **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association, duly organized and existing under the laws of the United States of America**]** (together with any successor Fiscal Agents appointed under the Funding Loan Agreement, the "**Fiscal Agent**"), and **2550 IRVING ASSOCIATES, L.P.**, a limited partnership duly organized and existing under the laws of the State of California (together with its successors and assigns permitted hereunder, the "**Borrower**").

RECITALS

A. The Act (as defined in the Funding Loan Agreement hereinafter defined) authorizes the Governmental Lender (a) to make loans to any person to provide financing for residential rental developments located within the City and County of San Francisco (the "**City**"), and intended to be occupied in part or in whole by persons of low and moderate income; (b) to borrow funds for the purpose of obtaining moneys to make such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with any such borrowing by the Governmental Lender; and (c) to pledge all or any part of the revenues, receipts or resources of the Governmental Lender, including the revenues and receipts to be received by the Governmental Lender from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Governmental Lender in order to secure the repayment of any such borrowing by the Governmental Lender**.**

B. The Borrower has requested the Governmental Lender to enter into that certain Funding Loan Agreement, of even date herewith (the "**Funding Loan Agreement**") by and among Bank of America, N.A., a national banking association, in its capacity as Funding Lender (the "**Funding Lender**"), the Governmental Lender and the Fiscal Agent, pursuant to which the Funding Lender will make a tax-exempt loan (the "**Tax-Exempt Funding Loan**") and a taxable loan (the "**Taxable Funding Loan**", and together with the Tax-Exempt Funding Loan, the "**Funding Loans**") to the Governmental Lender, the proceeds of which will be loaned under this Project Loan Agreement to the Borrower (the "**Project Loans**") for the acquisition, construction, development and equipping of a multifamily affordable rental housing development located at 2550 Irving Street, San Francisco, California, and known as the "2550 Irving" apartments, and the Borrower's repayment obligations under this Project Loan Agreement are evidenced by the Project Note, as defined herein.

C. The Funding Loans are evidenced by the Governmental Lender's Tax-Exempt Multifamily Note dated the Delivery Date in the principal amount of $51,846,000 (together with all riders and addenda thereto, the "**Tax-Exempt Governmental Note**") and the Governmental Lender's Taxable Multifamily Note dated the Delivery Date in the principal amount of $23,182,716 (together with all riders and addenda thereto, the "**Taxable Governmental Note**", and together with the Tax-Exempt Governmental Note, the "**Governmental Notes**") delivered by the Governmental Lender to the Funding Lender.

D. The Funding Lender, pursuant to the terms and subject to the conditions of the Funding Loan Agreement and the Continuing Covenant Agreement, has agreed to originate and fund the Funding Loans to the Governmental Lender on a draw-down basis, which proceeds of the Funding Loans will be used by the Governmental Lender to fund the Project Loan to the Borrower in corresponding installments pursuant to this Project Loan Agreement. The Funding Lender will administer the Loans during the Construction Phase in accordance with the Financing Documents, as defined in the Funding Loan Agreement.

E. The Borrower has agreed to use the proceeds of the Project Loans to finance the construction of the Project.

F. The Borrower's repayment obligations in respect of the Project Loans will be evidenced by a Tax-Exempt Promissory Note and a Taxable Promissory Note, each dated the Delivery Date (together with all riders and modifications thereto, the "**Project Notes**") delivered to the Governmental Lender, which Project Notes will be endorsed by the Governmental Lender to the Fiscal Agent as security for the Funding Loans.

G. To secure the Borrower's obligations under the Project Notes, the Borrower will execute and deliver to the Governmental Lender a Leasehold Construction Deed of Trust, with Assignment of Rents, Security Agreement and Fixture Filing (Affordable Housing – California), dated as of the date hereof (the "**Security Instrument**") with respect to the Project, which Security Instrument will be assigned by the Governmental Lender to the Fiscal Agent as security for the Funding Loan.

NOW, THEREFORE, for and in consideration of the mutual covenants and representations hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 ***Definitions***. All words and phrases (except for Event of Default) defined in the Funding Loan Agreement shall have the same meanings for the purposes of this Project Loan Agreement. In addition to the words and phrases defined in the Funding Loan Agreement and elsewhere herein, the following words and phrases shall have the following meanings:

"*Borrower's Governing Agreement*" means Borrower's Amended and Restated Agreement of Limited Partnership dated as of the Delivery Date, among 2550 Irving GP LLC, a California limited liability company, its managing general partner, the Investor Limited Partner, its investor limited partner, Banc of America CDC Special Holding Company, Inc., a North Carolina corporation, as special limited partner, and **[_____]** (in its capacity as withdrawing limited partner), as such agreement may be supplemented or amended.

"*Event of Default*" means any of those events specified in and defined by the applicable provisions of Article VII hereof to constitute an event of default.

"*Fee Component*" means the regular, ongoing fees due from time to time to the Governmental Lender, the Fiscal Agent and the Rebate Analyst, if any, expressed as a flat, fixed

amount or in terms of a percentage of the unpaid principal amount of the Funding Loan on an annual basis.

"*General Partner*" means 2550 IRVING TNDC GP LLC, a California limited liability company, the managing general partner of the Borrower.

"*Governmental Lender's Closing Fee*" shall mean $**[_____]**.

"*Investor Limited Partner*" means Bank of America, N.A., a national banking association, and its permitted successors and assigns.

"*Project Loan Agreement*" means this Project Loan Agreement, together with any amendments hereto.

"*Project Loan Payment*" means each payment of the Project Loan on each Project Loan Payment Date pursuant to the Project Note and this Project Loan Agreement.

"*Project Loan Payment Date*" means (A) the first day of each calendar month, commencing June 1, 2024, or (B) any other date on which the Project Loans are prepaid or paid, whether at scheduled maturity or upon prepayment or acceleration of the maturity thereof; provided, however, that if a Project Loan Payment Date is not a Business Day, payment shall be made on the first Business Day following such Project Loan Payment Date.

"*Servicing Fee*" means any fee payable to the Servicer in connection with the servicing of the Project Loan and the Funding Loan in a written agreement between the Borrower and the Servicer.

"*Taxes*" means all taxes, water rents, sewer rents, assessments and other governmental or municipal or public or private dues, fees, charges and levies and any liens (including federal tax liens) which are or may be levied, imposed or assessed upon the Project or any part thereof, or upon any leases pertaining thereto, or upon the rents, issues, income or profits thereof, whether any or all of the aforementioned be levied directly or indirectly or as excise taxes or as income taxes.

Section 1.02 ***Interpretation*****.** Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. Words importing persons include firms, partnerships, limited liability companies, joint ventures, associations and corporations. References to Articles, Sections and other subdivisions of this Project Loan Agreement are the Articles, sections and other subdivisions of this Project Loan Agreement as originally executed.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Project Loan Agreement; the term "heretofore" means before the date of execution of this Project Loan Agreement; and the term "hereafter" means after the date of execution of this Project Loan Agreement.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.01 ***Representations of the Governmental Lender*****.** The Governmental Lender makes the following representations as the basis for the undertaking on its part herein contained:

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

(b) The Governmental Lender has all necessary power and authority to incur the indebtedness of the Funding Loans evidenced by the Governmental Notes and to make the Project Loans from the proceeds thereof, and to execute, and deliver this Project Loan Agreement, the Funding Loan Agreement, and the other Financing Documents to which it is a party, and to perform its duties and discharge its obligations hereunder and thereunder.

(c) The Governmental Lender has taken all necessary action on its part to make the Project Loans from the proceeds of the Funding Loans.

(d) Each of the Financing Documents to which the Governmental Lender is a party has been duly and validly authorized, executed and delivered by the Governmental Lender and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Governmental Lender, enforceable against the Governmental Lender in accordance with its respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and the application of equitable principles.

(e) The Governmental Lender is not in default under or in violation of, and the execution and delivery of the Financing Documents to which it is a party and its compliance with the terms and conditions thereof will not conflict with or constitute a default under or a violation of (i) the Act, (ii) to its knowledge, any other existing laws, rules, regulations, judgments, decrees and orders applicable to it, or (iii) to its knowledge, the provisions of any agreements and instruments to which the Governmental Lender is a party, a default under or violation of which would prevent it from entering into the Funding Loan Agreement, executing and delivering the Governmental Notes, financing the Project, executing and delivering the other Financing Documents to which it is a party or consummating the transactions contemplated thereby, and, to its knowledge, no event has occurred and is continuing under the provisions of any such agreement or instrument or otherwise that with the lapse of time or the giving of notice, or both, would constitute such a default or violation (it being understood, however, that the Governmental Lender is making no representations as to the necessity of registering the Project Notes pursuant to any securities laws or complying with any other requirements of securities laws).

(f) No authorization, consent, approval, order, registration, declaration or withholding of objection on the part of, or filing of or with any governmental authority, other than those already obtained, is required for the due execution and delivery by the

Governmental Lender of, and performance by the Governmental Lender of its obligations under, the Financing Documents.

(g) There is no action, suit, proceeding, inquiry or investigation pending or, to the knowledge of the Governmental Lender, threatened against the Governmental Lender by or before any court, governmental agency or public board or body, nor, to the Governmental Lender's knowledge without investigation, is there any basis therefor, which (i) affects or questions the existence or the territorial jurisdiction of the Governmental Lender or the title to office of any member of the governing body of the Governmental Lender; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of any Financing Documents to which the Governmental Lender is a party, or the issuance, sale, execution or delivery of the Governmental Notes; (iii) affects or questions the validity or enforceability of the Governmental Notes or any Financing Document to which the Governmental Lender is a party; (iv) questions the tax-exempt status of the Tax-Exempt Governmental Note under the Code; or (v) questions the power or authority of the Governmental Lender to perform its obligations under the Governmental Notes or any Financing Document to which it is a party, or to carry out the transactions contemplated by the Governmental Notes and the Financing Documents to which it is a party.

(h) No officer or other official of the Governmental Lender has any personal financial interest in the Project or the Borrower or in the transactions contemplated by this Project Loan Agreement.

(i) Upon the discovery by the Governmental Lender of any noncompliance by the Borrower with this Project Loan Agreement, the Tax Certificate or the Tax Regulatory Agreement, the Governmental Lender will promptly notify the Fiscal Agent, the Servicer and the Funding Lender Representative of such noncompliance and will, subject to the provisions of Article VII hereof, promptly institute action, or cause the Fiscal Agent to institute action, to correct such noncompliance, will diligently pursue such action and will attempt to correct such noncompliance within sixty (60) days after such discovery, subject to the provisions of the Funding Loan Agreement, this Project Loan Agreement, the Tax Certificate and the Tax Regulatory Agreement.

It is expressly acknowledged that the Governmental Lender makes no representation as to the financial position or business condition of the Borrower and does not represent or warrant as to any of the statements, materials (financial or otherwise), representations or certifications furnished or to be made and furnished by the Borrower in connection with the issuance, sale, execution and delivery of the Governmental Notes, or as to the correctness, completeness or accuracy of such statements.

Section 2.02 ***Representations, Warranties and Covenants of the Borrower.*** The Borrower makes the following representations, warranties and covenants, all of which, together with the other representations and agreements of the Borrower contained in this Project Loan Agreement, are relied upon by the Governmental Lender, the Funding Lender, the Servicer and the Fiscal Agent and serve as a basis for the undertakings of the Governmental Lender, the Servicer and the Fiscal Agent contained in this Project Loan Agreement:

(a) The Borrower is a limited partnership duly organized, validly existing and in good standing under the laws of the state in which it has been organized and is duly qualified to conduct its business under the laws of the State and in every other state in which the nature of its business requires such qualification, has full legal right, power and authority to enter into this Project Loan Agreement and the other Financing Documents, and to carry out and consummate all transactions contemplated hereby and by the other Financing Documents, and by proper action has duly authorized the execution, delivery and performance of this Project Loan Agreement and the other Financing Documents. All corporate general partners, if any, of the Borrower are duly organized and in good standing under the laws of their respective states of organization and are duly qualified to transact business in the State as either domestic or foreign corporations, as applicable. All partnership general partners, if any, are duly formed and in good standing under the laws of their respective states of formation and, to the extent required by the laws of the State, are duly qualified to transact business in the State as either domestic or foreign partnerships or limited liability companies, as applicable.

(b) The Borrower has the legal right, power and authority to (i) own its properties and assets, including, but not limited to, the Project, (ii) carry on its business as now being conducted and the Borrower contemplates it to be conducted with respect to the Project and (iii) execute and deliver, carry out its obligations under, and close the transactions provided for in, the Financing Documents to which it is a party.

(c) Each of the Financing Documents to which the Borrower is a party has been duly authorized, executed and delivered by the Borrower and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and general principles of equity.

(d) No authorization, consent, approval, order, registration, declaration or withholding of objection on the part of, or filing of or with any governmental authority, other than those already obtained or those necessary to be obtained during the course of construction of the Project, is required for the due execution and delivery or approval, as the case may be, by the Borrower of, and the performance by the Borrower of its obligations under, the Financing Documents.

(e) None of the execution and delivery of the Financing Documents to which the Borrower is a party, the consummation of the transactions provided for in the Financing Documents, or the Borrower's fulfillment of or compliance with the terms and conditions of the Financing Documents (i) violates or will violate any law, rule or regulation of any governmental agency or body having jurisdiction over the Borrower, or any of its activities or properties, or any judgment, order, writ, injunction or decree to which the Borrower is subject, or any of the organizational or other governing documents of the Borrower, (ii) conflicts or will conflict with any agreement, instrument or license to which the Borrower is now a party or by which it or any of its properties or assets is bound or results or will result in a breach of, or constitutes or will constitute a default (with due notice or the passage of time or both) under, any such agreement, instrument or license, (iii) contravenes

or will contravene any such law, rule or regulation or any such judgment, order, writ, injunction or decree, or (iv) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, except for any lien, charge or encumbrance permitted under the terms of the Financing Documents.

(f) There is no action, suit, proceeding, inquiry or investigation pending or, to the Borrower's knowledge, threatened against or affecting the Borrower or any of its properties (including, without limitation, the Project), which, if adversely determined, would (i) impair the right of the Borrower to carry on its business substantially as now conducted and as contemplated by the Financing Documents, (ii) adversely affect the financial condition of the Borrower, (iii) prohibit, restrain or enjoin the making of the Funding Loans or the Project Loans or the execution and delivery of any of the Financing Documents, (iv) adversely affect the validity or enforceability of any of the Financing Documents, or (v) adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Governmental Note.

(g) The Project and the operation of the Project (in the manner contemplated by the Financing Documents) conform and, following completion of the construction of the Project, will continue to conform in all material respects with the requirements of the Act as well as all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project.

(h) The Borrower has filed or caused to be filed all federal, state and local tax returns which are required to be filed or has obtained appropriate extensions therefor, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due.

(i) The Borrower is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party which default would materially adversely affect the transactions contemplated by the Financing Documents or the operations of the Borrower or the enforceability of the Financing Documents to which the Borrower is a party or the ability of the Borrower to perform all obligations thereunder.

(j) The Borrower agrees to pay all costs of maintenance and repair, and all Taxes and assessments, insurance premiums (including public liability insurance and insurance against damage to or destruction of the Project) concerning or in any way related to the Project, or any part thereof, and any expenses or renewals thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments concerning or in any way related to the Project.

(k) All of the partnership interests in the Borrower are validly issued and are fully registered, if required, with the applicable governmental authorities and/or agencies, and there are no outstanding options or rights to purchase or acquire those interests (other than pursuant to the terms of the Borrower's limited partnership agreement and related agreements in connection therewith). Nothing in this Project Loan Agreement shall

prevent the Borrower from issuing additional partnership interests or ownership interests if such units are issued in accordance with all applicable securities laws.

(l) The representations and warranties of the Borrower contained in the Tax Certificate and Tax Regulatory Agreement are true and accurate in all material respects.

(m) The information, statements or reports furnished in writing to the Governmental Lender, the Servicer and the Funding Lender Representative by the Borrower in connection with this Project Loan Agreement or the consummation of the transactions contemplated hereby do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading; and the representations and warranties of the Borrower and the statements, information and descriptions contained in the Borrower's closing certificates, as of the Delivery Date, are true and correct in all material respects, do not contain any untrue statement of a material fact, and do not omit to state a material fact necessary to make the representations, warranties, statements, information and descriptions contained therein, in the light of the circumstances under which they were made, not misleading; and any estimates or assumptions contained in any certificate of the Borrower delivered as of the Delivery Date are reasonable.

(n) To the knowledge of the Borrower, no commissioner, member, officer or employee of the Governmental Lender has been or is in any manner interested, directly or indirectly, in that person's own name or in the name of any other person, in the Financing Documents, the Borrower or the Project, in any contract for property or materials to be furnished or used in connection with the Project, or in any aspect of the transactions contemplated by the Financing Documents.

(o) The Borrower intends to hold the Project for its own account and has no current plans to sell, and has not entered into any agreement to sell, all or any portion of the Project (other than pursuant to the terms of the Borrower's Governing Agreement and related agreements in connection therewith).

(p) The Project is located wholly within the boundaries of the City.

(q) The Borrower shall make no changes to the Project or to the operation thereof which would adversely affect the qualification of the Project under the Act or impair the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Governmental Note. The Borrower shall operate the Project as required by the Tax Regulatory Agreement.

(r) The Funding Loan Agreement has been submitted to the Borrower for examination, and the Borrower, by execution of this Project Loan Agreement, acknowledges and agrees that it has participated in the drafting of the Funding Loan Agreement and that it is bound by, shall adhere to the provisions of, covenants and agrees to perform all obligations required of the Borrower pursuant to, and shall have the rights set forth by the applicable terms and conditions of, the Funding Loan Agreement.

(s) The Borrower will have a ground leasehold interest in the Project site and a fee ownership interest in the improvements on the Project site, subject only to liens permitted under the Security Instrument.

(t) The Borrower acknowledges that (i) it understands the nature and structure of the transactions relating to the financing of the Project, (ii) it is familiar with the provisions of all of the documents and instruments relating to the financing, (iii) it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project, (iv) it has not relied on the Governmental Lender, the Fiscal Agent, Funding Lender, the Funding Lender Representative or the Servicer for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Financing Documents or otherwise relied on the Governmental Lender, the Fiscal Agent, the Funding Lender, the Funding Lender Representative or the Servicer in any manner, and (v) neither the Governmental Lender nor the Funding Lender makes any warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Borrower's purposes or needs.

(u) All representations and warranties of the Borrower in any Financing Documents are incorporated herein by reference for the benefit of the Governmental Lender and the Fiscal Agent as if fully set forth herein.

Section 2.03 ***Representations and Warranties of the Fiscal Agent.*** The Fiscal Agent makes the following representations and warranties for the benefit of the Governmental Lender, the Borrower, the Funding Lender and the Servicer:

(a) The Fiscal Agent is a national banking association, duly organized and existing under the laws of the United States of America. The Fiscal Agent is duly authorized to act as a fiduciary and to execute the trust created by the Funding Loan Agreement, and meets the qualifications to act as Fiscal Agent under the Funding Loan Agreement.

(b) The Fiscal Agent has complied with the provisions of law which are prerequisite to the consummation of, and has all necessary power (including trust powers) and authority (i) to execute and deliver this Project Loan Agreement and the other Financing Documents to which it is a party, (ii) to perform its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, and (iii) to consummate the transactions contemplated by this Project Loan Agreement and the other Financing Documents to which it is a party.

(c) The Fiscal Agent has duly authorized (i) the execution and delivery of this Project Loan Agreement and the other Financing Documents to which it is a party, (ii) the performance by the Fiscal Agent of its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, and (iii) the actions of the Fiscal Agent contemplated by this Project Loan Agreement and the other Financing Documents to which it is a party.

(d) Each of the Financing Documents to which the Fiscal Agent is a party has been duly executed and delivered by the Fiscal Agent and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding obligation of the Fiscal Agent, enforceable against the Fiscal Agent in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws 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).

(e) The Fiscal Agent meets the qualifications to act as Fiscal Agent under the Funding Loan Agreement.

(f) The Fiscal Agent has complied with the provisions of law which are prerequisites to the consummation of the transactions on the part of the Fiscal Agent described or contemplated in the Financing Documents.

(g) 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 Fiscal Agent as a prerequisite to (i) the execution and delivery of this Project Loan Agreement and the other Financing Documents to which the Fiscal Agent is a party, (ii) the authentication or delivery of the Governmental Notes, (iii) the performance by the Fiscal Agent of its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, or (iv) the consummation of the transactions contemplated by this Project Loan Agreement and the other Financing Documents to which the Fiscal Agent is a party. The Fiscal Agent makes no representation or warranty relating to compliance with any federal or state securities laws.

Section 2.04 ***Arbitrage and Rebate Fund Calculations.*** The Borrower shall (a) take or cause to be taken all actions necessary or appropriate in order to fully and timely comply with the obligations of the Borrower as set forth in Section 4.12 of the Funding Loan Agreement, and (b) if required to do so under Section 4.12 of the Funding Loan Agreement, select at the Borrower's expense, a Rebate Analyst reasonably acceptable to the Governmental Lender for the purpose of making any and all calculations required under Section 4.12 of the Funding Loan Agreement. Such calculations, if required, shall be made in the manner and at such times as specified in Section 4.12 of the Funding Loan Agreement. The Borrower shall cause the Rebate Analyst to provide such calculations to the Fiscal Agent and the Governmental Lender at such times and with such directions as are necessary to comply fully with the arbitrage and rebate requirements set forth in the Funding Loan Agreement and to comply fully with Section 148 of the Code, including the timely payment of any arbitrage rebate owed.

Section 2.05 ***Tax Covenants of the Borrower.*** The Borrower covenants and agrees that:

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

(b) It will not take, or permit to be taken on its behalf, any action which would cause the interest payable on the Tax-Exempt Governmental Note to be included in gross income of the Funding Lender, for federal income tax purposes, and will take such action as may be necessary in the opinion of Bond Counsel to continue such exclusion from gross income, including, without limitation, the preparation and filing of all statements required to be filed by it in order to maintain the exclusion (including, but not limited to, the filing of all reports and certifications required by the Tax Regulatory Agreement);

(c) No changes will be made to the Project, no actions will be taken by the Borrower and the Borrower will not omit to take any actions, which will in any way adversely affect the tax-exempt status of the Tax-Exempt Governmental Note;

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

(e) If the Borrower becomes aware of any situation, event or condition which would, to the best of its knowledge, result in the interest on the Tax-Exempt Governmental Note becoming includable in gross income of the Funding Lender for purposes of federal income tax purposes, it will promptly give written notice of such circumstance, event or condition to the Governmental Lender, the Fiscal Agent, the Funding Lender Representative and the Servicer.

(f) The full amount of each disbursement of proceeds of the Tax-Exempt Project Loan will be applied to pay or to reimburse the Borrower for the payment of Costs of the Project and, after taking into account any proposed disbursement, (i) at least 95% of the net proceeds of the Tax-Exempt Governmental Note (as defined in Section 150 of the Code) will be used to provide a qualified residential rental project (as defined in Section 142(d) of the Code) and (ii) less than 25% of the net proceeds of the Tax-Exempt Governmental Note will have been disbursed to pay or to reimburse the Borrower for the cost of acquiring an interest in land; none of the proceeds (as defined for purposes of Section 147(g) of the Code) of the Tax-Exempt Governmental Note will be disbursed to provide working capital;

(g) The Borrower will cause all of the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Act, the Code and the Tax Regulatory Agreement;

(h) All leases will comply with all applicable laws and the Tax Regulatory Agreement;

(i) In connection with any lease or grant by the Borrower of the use of the Project, the Borrower will require that the lessee or user of any portion of the Project not use that portion of the Project in any manner that would violate the covenants set forth in this Project Loan Agreement or the Tax Regulatory Agreement;

(j) No proceeds of the Tax-Exempt Funding Loan 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 147(d) of the Code) with respect to such building equal or exceed 15 percent of the portion of the cost of acquiring such building (and equipment) financed with the proceeds; and provided, further, that this limitation shall not apply with respect to any structure other than a building if rehabilitation expenditures with respect to such structure equal or exceed 100 percent of the portion of the cost of acquiring such structure financed with the proceeds;

(k) From the proceeds of the Tax-Exempt Funding Loan and investment earnings thereon, an amount not in excess of two percent of the proceeds of the Tax-Exempt Funding Loan, will be used for Costs of Issuance of the Tax-Exempt Governmental Note, all within the meaning of Section 147(g)(1) of the Code;

(l) No proceeds of the Tax-Exempt Funding Loan 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

(m) The Borrower shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Tax-Exempt Governmental Note to be "federally guaranteed" within the meaning of section 149(b) of the Code.

In the event of a conflict between the terms and requirements of this Section 2.05 and the Tax Certificate, the terms and requirements of the Tax Certificate shall control.

ARTICLE III

THE PROJECT LOANS

Section 3.01 ***Conditions to Funding the Project Loan*****.** On the Delivery Date and thereafter, the Governmental Lender shall cause the proceeds of the Funding Loans to be deposited with the Fiscal Agent in accordance with Sections 2.02 and 2.11 of the Funding Loan Agreement and Section 3.03 hereof. The Fiscal Agent shall use such proceeds as provided in Article II of the Funding Loan Agreement to fund advances of the Project Loans, provided that no initial disbursements of proceeds shall be made until the following conditions have been met:

(a) The Borrower shall have executed and delivered to the Governmental Lender the Project Notes and the Governmental Lender shall have endorsed the Project Note to the Fiscal Agent;

(b) The Security Instrument and the Assignment, with only such changes therein as shall be approved in writing by the Funding Lender Representative, shall have been executed and delivered by the Borrower and the Governmental Lender, respectively, and delivered to the title company for recording in the appropriate office for officially recording real estate documents in the jurisdiction in which the Project is located (the "**Recorder's Office**");

(c) The Tax Regulatory Agreement shall have been executed and delivered by the parties thereto and shall have been delivered to the title company for recording in the Recorder's Office, and the Governmental Lender shall have received evidence satisfactory to it of such delivery;

(d) All other Financing Documents not listed above shall have been executed and delivered by all parties thereto and delivered to the Fiscal Agent;

(e) The Borrower shall have delivered to the Fiscal Agent, the Governmental Lender, the Funding Lender Representative and the Servicer a certificate confirming, as of the Delivery Date, the matters set forth in Section 2.02 hereof and an opinion of its counsel or other counsel satisfactory to the Fiscal Agent, the Governmental Lender, Bond Counsel, the Funding Lender Representative and the Servicer;

(f) Delivery to the Fiscal Agent or into escrow with the Title Company (or separate escrow company, if applicable) of all amounts required to be paid in connection with the origination of the Project Loans and the Funding Loans and any underlying real estate transfers or transactions, including the Costs of Issuance Deposit (as defined in Section 3.03 herein), all as specified in written instructions delivered to the Title Company by counsel to the Funding Lender and the Governmental Lender (or such other counsel as may be acceptable to the Funding Lender) and/or as specified in a closing memorandum of the Funding Lender and approved by the Governmental Lender;

(g) Delivery to the Title Company of Borrower Escrow Instructions in form acceptable to the Governmental Lender and the Funding Lender; and

(h) Payment of all fees payable in connection with the closing of the Project Loans, including the Governmental Lender's Closing Fee and Governmental Lender Fee due on the Closing Date, and the initial fees and expenses of the Fiscal Agent and the Funding Lender.

Section 3.02 ***Terms of the Project Loan; Servicing.***

(a) The Project Loans shall (i) be evidenced by the Project Notes; (ii) be secured by the Security Instrument; (iii) be in the maximum aggregate principal amount of $**[**75,028,716**]**; (iv) bear interest as provided in the Project Notes; (v) provide for principal and interest payments in accordance with the Project Notes; and (vi) be subject to optional and mandatory prepayment at the times, in the manner and on the terms, and have such other terms and provisions, as provided herein and in the Project Notes. The outstanding principal balance of the Project Loans at any time shall be an amount equal to the aggregate proceeds of the Funding Loans advanced by the Funding Lender and deposited by the

Fiscal Agent into the Project Loan Fund under the Funding Loan Agreement minus any principal amounts prepaid in accordance with the terms hereof and the Project Notes. In the event that principal of or interest payable on the Project Loans is not paid when due, there shall be payable on the amount not timely paid, on each Interest Payment Date, interest at the Default Rate, to the extent permitted by law. Interest on the Project Loans shall accrue at the Default Rate until the unpaid amount, together with interest thereon, shall have been paid in full and all other defaults and Events of Default (if any) have been cured.

(b) The Funding Lender Representative may appoint a Servicer to service the Loans for all or a portion of the term of the Loans. The initial Servicer of the Loans is JPMorgan Chase Bank, N.A., which shall service the Loans as required by the Funding Lender. The Funding Lender Representative may remove a Servicer or appoint a replacement Servicer, in its discretion, by written notice provided to the Governmental Lender, the Fiscal Agent and the Borrower. Any successor Servicer shall signify its acceptance of the duties and obligations imposed upon it by the Funding Loan Agreement and this Project Loan Agreement by executing such instrument(s) as shall be acceptable to the Funding Lender Representative, a copy of which shall be provided to the parties hereto.

(c) (c) During any period that the Servicer services the Loans, the Borrower shall make all payments in connection with the Project Loan to the Servicer, and the Servicer will (i) retain the allocable portion of the monthly Servicing Fee (if any) for its own account, (ii) remit to the Funding Lender all payments of principal of, Prepayment Premium, if any, and interest due with respect to the Funding Loan, together, with any other amounts due to the Funding Lender, (iii) remit to the Fiscal Agent the Ordinary Fiscal Agent's Fees and Expenses, together with any other amounts due to the Fiscal Agent, and (iv) remit to the Governmental Lender the Governmental Lender Fee, together with any other amounts due to the Governmental Lender. During a period in which there is no Servicer, all notices to be sent to the Servicer shall be sent to the Funding Lender Representative (to the extent not already provided) and all amounts to be paid to the Servicer by the Borrower shall be paid directly to the Fiscal Agent (unless otherwise directed by the Funding Lender Representative).

(d) The Governmental Lender, the Fiscal Agent and the Borrower hereby acknowledge and agree that (i) the Funding Lender Representative has appointed the Servicer to service and administer the Project Loans, (ii) the selection or removal of any Servicer is in the sole and absolute discretion of the Funding Lender Representative; and (iii) none of the Governmental Lender, the Fiscal Agent or the Borrower shall terminate or attempt to terminate any Servicer as the servicer for the Project Loans or appoint or attempt to appoint a substitute servicer for the Project Loans.

Section 3.03 ***Deposits*****.**

On the Delivery Date, pursuant to Section 2.11 of the Funding Loan Agreement, the Initial Installment shall be deposited in the Project Account of the Project Loan Fund. Thereafter, on each date of an advance of the proceeds of the Funding Loans, such proceeds shall be deposited in the Project Account of the Project Loan Fund. On the Delivery Date, the Borrower will cause to be

transferred to the Fiscal Agent from the closing escrow, from Borrower funds, for credit to the Cost of Issuance Fund, the Cost of Issuance Deposit.

To the extent that amounts in the Cost of Issuance Fund from the above-mentioned sources are insufficient to pay all costs of closing the Loans, the Borrower shall cause the payment of such additional costs of closing the Loans to be made on its behalf as such amounts become due.

Section 3.04 ***Pledge and Assignment to Fiscal Agent.*** The parties hereto acknowledge, and the Borrower consents to, the pledge and assignment by the Governmental Lender to the Fiscal Agent pursuant to the Funding Loan Agreement of all of the Governmental Lender's right, title and interest in this Project Loan Agreement (excluding the Unassigned Rights), the Project Loans, the Project Notes, the Security Instrument, the other Project Loan Documents and the Revenues as security for the payment of the principal of, premium, if any, and interest on the Governmental Notes and the payment of any other amounts due under the Financing Documents.

Section 3.05 ***Investment of Funds.*** Except as otherwise provided in the Funding Loan Agreement, any money held as a part of any fund or account established under the Funding Loan Agreement shall be invested or reinvested by the Fiscal Agent in Qualified Investments in accordance with Section 4.08 of the Funding Loan Agreement.

Section 3.06 ***Damage; Destruction and Eminent Domain.*** If, prior to payment in full of the Project Loans, the Project or any portion thereof is destroyed or damaged in whole or in part by fire or other casualty, or title to, or the temporary use of, the Project or any portion thereof shall have been taken by the exercise of the power of eminent domain, and the Governmental Lender, the Borrower, the Fiscal Agent or the Servicer receives Net Proceeds from insurance or any condemnation award in connection therewith, such Net Proceeds shall be utilized as provided in the Project Loan Documents and the Funding Loan Agreement.

Section 3.07 ***Enforcement of Financing Documents.*** The Fiscal Agent or the Funding Lender Representative may enforce and take all reasonable steps, actions and the proceedings necessary for the enforcement of all terms, covenants and conditions of the Funding Loan Agreement and the other Financing Documents as and to the extent set forth herein and therein.

ARTICLE IV

LOAN PAYMENTS

Section 4.01 ***Payments Under the Project Notes; Independent Obligation of Borrower.***

(a) **Payment Obligations**. The Borrower agrees to repay the Project Loans on each Project Loan Payment Date as provided in the Project Notes, and in all instances at the times and in the amounts necessary to enable the Fiscal Agent, on behalf of the Governmental Lender, or the Servicer, to pay all amounts payable with respect to the Funding Loans, when due, whether at maturity or upon prepayment (with Prepayment Premium, if applicable), acceleration or otherwise. To ensure such timely payment during the Permanent Phase, the Servicer shall collect from the

Borrower, and the Borrower shall provide to the Servicer the foregoing payments not less than two (2) Business Days prior to each respective Project Loan Payment Date.

The obligation of the Borrower to make the payments set forth in this Article IV shall be an independent obligation of the Borrower, separate from its obligation to make payments under the Project Notes, provided that in all events payments made by the Borrower under and pursuant to the Project Notes shall be credited against the Borrower's obligations hereunder on a dollar for dollar basis. If for any reason the Project Notes or any provision of the Project Notes shall be held invalid or unenforceable against the Borrower by any court of competent jurisdiction, the Project Note or such provision of the Project Notes shall be deemed to be the obligation of the Borrower pursuant to this Project Loan Agreement to the full extent permitted by law and such holding shall not invalidate or render unenforceable any of the provisions of this Article IV and shall not serve to discharge any of the Borrower's payment obligations hereunder or eliminate the credit against such obligations to the extent of payments made under the Project Notes.

(b) **Obligations Unconditional; No Set-Off**. The obligation of the Borrower to repay the Project Loans, to perform all of its obligations under the Project Loan Documents, to provide indemnification pursuant to Section 6.01 hereof, to pay costs, expenses and charges pursuant to Section 4.02 hereof and to make any and all other payments required by this Project Loan Agreement, the Funding Loan Agreement or any other documents contemplated by this Project Loan Agreement or by the Project Loan Documents shall, subject to the limitations set forth in Section 4.06 hereof, be absolute and unconditional, and shall be paid or performed without notice or demand (except as otherwise set forth herein or under any of the Project Loan Documents), and without abatement, deduction, set-off, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, and irrespective of whether the Borrower's title to the Project or to any part thereof is defective or nonexistent, and notwithstanding any damage due to loss, theft or destruction of the Project or any part thereof, any failure of consideration or frustration of commercial purpose, the taking by eminent domain of title to or of the right of temporary use of all or any part of the Project, legal curtailment of the Borrower's use thereof, the eviction or constructive eviction of the Borrower, any change in the tax or other laws of the United States of America, the State or any political subdivision thereof, any change in the Governmental Lender's legal organization or status, or any default of the Governmental Lender or the Fiscal Agent hereunder or under any other Financing Document, and regardless of the invalidity of any action of the Governmental Lender or the invalidity of any portion of this Project Loan Agreement.

(c) **Payments from Borrower to Fiscal Agent or Servicer**. Each payment by the Borrower hereunder or under the Project Notes shall be made in immediately available funds to the Servicer on each Project Loan Payment Date or such other date when such payment is due; provided, however, such Project Loan Payment shall be made directly to the Fiscal Agent if there is no Servicer or if the Borrower is so directed in writing by the Funding Lender Representative. Each such payment shall be made to the Fiscal Agent or the Servicer, as applicable, by deposit to such account as the Fiscal Agent or the Servicer may designate by written notice to the Borrower. Whenever any Project Loan Payment or any other payment under this Project Loan Agreement or under the Project Notes shall be stated to be due on a day that is not a Business Day, such payment shall be made on the first Business Day immediately thereafter.

Section 4.02 ***Additional Payments Under the Project Notes and this Project Loan Agreement***.

(a) In addition to the payments set forth in Section 4.01 hereof, payments to be made by the Borrower under the Project Notes include certain money to be paid in respect of, among others, the Fee Component, the Servicing Fee, and amounts required to be deposited pursuant to the other Project Loan Documents, as set forth in subsection (b) of this Section 4.02. To the extent that any portion of the Fee Component, the Servicing Fee, and amounts required to be deposited pursuant to the other Project Loan Documents remain due and owing at any time, such amounts remaining due and owing shall be payable from money on deposit in the Administration Fund as provided in Section 4.06 of the Funding Loan Agreement or from other money of the Borrower, to the extent that money in the Administration Fund is insufficient for such purposes. All other fees and expenses shall be payable from money of the Borrower as provided in subsection (b) of this Section 4.02.

(b) In addition to the funding of the initial deposits required of the Borrower described in Section 3.03, the Borrower shall pay (or cause to be paid by the Servicer or the Fiscal Agent (to the extent paid from money on deposit in the Administration Fund or the Cost of Issuance Fund, as applicable)), in consideration of the funding of the Project Loans, the following fees, expenses and other money payable in connection with the Loans:

(i) On the Delivery Date, from money on deposit in the Cost of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Funding Lender, its origination fees, together with all third party and out-of-pocket expenses of the Funding Lender (including but not limited to the fees and expenses of counsel to the Funding Lender) in connection with the Loans.

(ii) On the Delivery Date, from money on deposit in the Cost of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Governmental Lender, the Governmental Lender's Closing Fee, together with all third party and out-of-pocket expenses of the Governmental Lender (including but not limited to the fees and expenses of Bond Counsel and counsel to the Governmental Lender) in connection with the Loans and the execution and delivery of the Governmental Notes.

(iii) On the Delivery Date, from money on deposit in the Cost of Issuance Fund or, to the extent such money is insufficient for such purpose, from other money of the Borrower, to the Fiscal Agent, an acceptance fee in an amount equal to $**[_____]**, together with all third party and out-of-pocket expenses of the Fiscal Agent (including but not limited to the fees and expenses of counsel to the Fiscal Agent) in connection with the Loans and the execution and delivery of the Governmental Notes.

(iv) To the Fiscal Agent, the Ordinary Fiscal Agent's Fees and Expenses and the Extraordinary Fiscal Agent's Fees and Expenses when due from time to time.

(v) To the Governmental Lender, the Governmental Lender Fee when due and any extraordinary expenses not covered by the Governmental Lender Fee the

Governmental Lender may incur in connection with the Financing Documents or the Project from time to time including all fees, charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Governmental Lender incurred under or in connection with the Project Loan Documents or the Financing Documents, any costs of responding to or defending audits, investigations or other governmental proceedings, and any taxes and assessments levied on the Governmental Lender with respect to the Project, as and when the same become due.

(vi) To the Rebate Analyst, the reasonable fees and expenses of such Rebate Analyst in connection with the computations relating to arbitrage rebate required under the Funding Loan Agreement and this Project Loan Agreement when due from time to time.

(vii) To the Funding Lender Representative, any amount due and owing the Funding Lender Representative from time to time but unpaid under the Continuing Covenant Agreement.

(viii) To the Servicer, the amount of any portion of the Servicing Fee remaining unpaid and any fees, costs and expenses of the Servicer as provided in the Continuing Covenant Agreement.

(ix) To the Servicer, the amounts required to be deposited in respect of reserves and impounds required under the other Project Loan Documents.

(x) If the Fiscal Agent is collecting and remitting loan payments under the Funding Loan Agreement, to the Fiscal Agent, within two (2) Business Days of receipt from the Fiscal Agent of a notice of deficiency in the Administration Fund as provided in Section 4.06 of the Funding Loan Agreement, the amount of any such deficiency in the Administration Fund.

Section 4.03 ***Payments to Rebate Fund*****.** The Borrower shall pay when due to the Fiscal Agent at the Principal Office of the Fiscal Agent any amount required to be deposited in the Rebate Fund in accordance with Section 4.12 of the Funding Loan Agreement.

Section 4.04 ***Prepayment*****.**

(a) **Optional Prepayment of the Project Loans.** The Borrower shall have the option to prepay the Project Loans in whole, together with all accrued and unpaid interest thereon, as provided in the Project Notes.

(b) **Mandatory Prepayment of the Project Loans.** The Borrower shall be required to prepay all or a portion of the outstanding principal balance of the Project Loans, together with accrued interest thereon, and together with any Prepayment Premium due under the Project Notes, as provided in the Project Notes. Additionally, the Borrower shall be required to prepay all or a portion of the outstanding principal balance of the Tax-Exempt Project Loan, together with accrued interest thereon.

(c) **Defeasance of the Funding Loans**. In addition, prior to the Window Period, the Borrower may cause a defeasance of the Funding Loans resulting in a release of the Pledged

Security by satisfying the conditions set forth hereunder and in Article IX of the Funding Loan Agreement. In connection therewith, the Borrower will give written notice (a "**Defeasance Notice**") to the Funding Lender Representative, the Servicer, the Governmental Lender and the Fiscal Agent of the date the Borrower desires to defease the Funding Loans (the "**Defeasance Date**"). The Defeasance Date may not be more than 60 calendar days, nor less than 30 calendar days, after the delivery of the Defeasance Notice. In connection with the delivery of the Defeasance Notice, the Borrower shall cause to be paid to the Funding Lender Representative the Defeasance Fee set forth in the Continuing Covenant Agreement. In addition to, and not in limitation of any other provisions of this Project Loan Agreement, the Borrower shall pay all fees, costs and expenses in connection with any defeasance whether or not such defeasance occurs. Following such defeasance in accordance with the terms and conditions hereof and the Funding Loan Agreement, the Project Loans shall be deemed paid in full, and the Borrower shall be entitled to the release of the Security Instrument, the Pledged Security and other security provided by it for the Project Loans, subject to the terms and conditions hereof and the other Financing Documents.

Section 4.05 ***Borrower's Obligations Upon Prepayment.*** In the event of any prepayment, the Borrower will timely pay, or cause to be paid through the Servicer, an amount equal to the principal amount of the Funding Loans or portion thereof called for prepayment, together with interest accrued to the prepayment date and any Prepayment Premium. In addition, the Borrower will timely pay all fees, costs and expenses associated with any prepayment of the Funding Loans.

Section 4.06 ***Limits on Personal Liability***.

(a) Except as otherwise set forth in the Project Notes and subsection 4.06(b) below, the obligations of the Borrower under this Project Loan Agreement and the other Financing Documents are non-recourse liabilities of the Borrower, which shall be enforced only against the Project and other property of the Borrower encumbered by the Financing Documents and not personally against the Borrower or any partner of the Borrower or any successor or assign of the Borrower. However, nothing in this Section 4.06 shall limit the right of the Governmental Lender, the Fiscal Agent, the Servicer or the Funding Lender Representative to proceed against the Borrower to recover any fees owing to any of them or any actual out-of-pocket expenses (including but not limited to actual out-of-pocket attorneys' fees incurred by any of them) incurred by any of them in connection with the enforcement of any rights under this Project Loan Agreement or the other Financing Documents. Nothing in this Section 4.06 shall limit any right that the Servicer or the Funding Lender Representative may have to enforce the Project Notes, the Security Instrument, or any other Financing Document in accordance with their terms.

(b) Notwithstanding anything contained in any other provision of this Project Loan Agreement to the contrary (but subject to the provisions of Section 7.06 hereof), the following obligations of the Borrower shall be and remain the joint and several full recourse obligations of the Borrower and each of the Borrower's general partners: (i) the Borrower's obligations to the Governmental Lender and the Fiscal Agent under subsections (b)(iii), (b)(v), (b)(vi), and (b)(vii) of Section 4.02 hereof; (ii) the Borrower's obligations under Sections 2.05 and 6.01 of this Project Loan Agreement; (iii) the Borrower's obligation to pay any and all rebate amounts that may be or become owing with respect to the Tax-Exempt Funding Loan and fees and expenses of the Rebate Analyst as provided in Sections 2.04 and 4.03 of this Project Loan Agreement and the Tax

Certificate; and (iv) the Borrower's obligation to pay legal fees and expenses under Section 7.04 hereof.

ARTICLE V

SPECIAL COVENANTS OF BORROWER

Section 5.01 ***Performance of Obligations.*** The Borrower shall keep and faithfully perform all of its covenants and undertakings contained herein and in the Financing Documents, including, without limitation, its obligations to make all payments set forth herein and therein in the amounts, at the times and in the manner set forth herein and therein.

Section 5.02 ***Compliance With Applicable Laws.*** All work performed in connection with the Project shall be performed in strict compliance with all applicable federal, state, county and municipal laws, ordinances, rules and regulations now in force or that may be enacted hereafter.

Section 5.03 ***Funding Loan Agreement Provisions.*** The execution of this Project Loan Agreement shall constitute conclusive evidence of approval of the Funding Loan Agreement by the Borrower. Whenever the Funding Loan Agreement by its terms imposes a duty or obligation upon the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Funding Loan Agreement, and the Borrower shall carry out and perform all of its obligations under the Funding Loan Agreement as fully as if the Borrower were a party to the Funding Loan Agreement.

Section 5.04 ***Reserved***.

Section 5.05 ***Borrower to Maintain Its Existence; Certification of No Default***.

(a) The Borrower agrees to maintain its existence and maintain its current legal status with authority to own and operate the Project.

(b) In addition to performing all other similar requirements under the Financing Documents to which the Borrower is a party, the Borrower shall, within 30 days after the end of each calendar year, render to the Fiscal Agent a certificate executed by an Authorized Officer of the Borrower to the effect that the Borrower is not, as of the date of such certificate, in default of any of its covenants, agreements, representations or warranties under any of the Financing Documents to which the Borrower is a party and that, to the best of the Borrower's knowledge, after reasonable investigation, there has occurred no default or Event of Default (as such terms are defined in each respective Financing Document) under any of the Financing Documents.

Section 5.06 ***Borrower to Remain Qualified in State and Appoint Agent.*** The Borrower will remain duly qualified to transact business in the State and will maintain an agent in the State on whom service of process may be made in connection with any actions against the Borrower.

Section 5.07 ***Sale or Other Transfer of Project.*** The Borrower may convey and transfer the Project only upon strict compliance with the provisions of the Financing Documents, and upon

receipt of the prior written consent of the Governmental Lender and the Funding Lender Representative.

Section 5.08 ***Right to Perform Borrower's Obligations.*** In the event the Borrower fails to perform any of its obligations under this Project Loan Agreement, the Governmental Lender, the Fiscal Agent, the Servicer and/or the Funding Lender Representative, after giving requisite notice and subject to any applicable cure period, if any, and subject to Section 5.05 of the Funding Loan Agreement, may, but shall be under no obligation to, perform such obligation and pay all costs related thereto, and all such costs so advanced shall become an additional obligation of the Borrower hereunder, payable on demand and if not paid on demand with interest thereon at the default rate of interest payable under the Project Loan Documents.

Section 5.09 ***Notice of Certain Events.*** The Borrower shall promptly advise the Governmental Lender, the Fiscal Agent, the Funding Lender Representative and the Servicer 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, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto.

Section 5.10 ***Survival of Covenants.*** The provisions of Sections 2.04, 2.05, 4.02, 4.03, 6.01 and 7.04 hereof shall survive the expiration or earlier termination of this Project Loan Agreement and, with regard to the Fiscal Agent, the resignation or removal of the Fiscal Agent.

Section 5.11 ***Access to Project; Records***. Subject to reasonable notice and the rights of tenants at the Project, the Governmental Lender, the Fiscal Agent, the Servicer and the Funding Lender Representative, and the respective duly authorized agents of each, shall have the right (but not any duty or obligation) at all reasonable times and during normal business hours: (a) to enter the Project and any other location containing the records relating to the Borrower, the Project, the Loans and the Borrower's compliance with the terms and conditions of the Financing Documents; (b) to inspect and audit any and all of the Borrower's records or accounts pertaining to the Borrower, the Project, the Loans and the Borrower's compliance with the terms and conditions of the Financing Documents; and (c) to require the Borrower, at the Borrower's sole expense, (i) to furnish such documents to the Governmental Lender, the Fiscal Agent, the Servicer and the Funding Lender Representative, as the Governmental Lender, the Fiscal Agent, the Servicer or the Funding Lender Representative, as the case may be, from time to time, deems reasonably necessary in order to determine that the provisions of the Financing Documents have been complied with and (ii) to make copies of any records that the Governmental Lender, the Fiscal Agent, the Servicer or the Funding Lender Representative or the respective duly authorized agents of each, may reasonably require. The Borrower shall make available to the Governmental Lender, the Fiscal Agent, the Servicer and the Funding Lender Representative, such information concerning the Project, the Security Instrument and the Financing Documents as any of them may reasonably request.

Section 5.12 ***Tax Regulatory Agreement***. The covenants of the Borrower in the Tax Regulatory Agreement shall be deemed to constitute covenants of the Borrower running with the land and an equitable servitude for the benefit of the Governmental Lender and the Funding Lender and shall be binding upon any owners of the Project until such time as such restrictions expire as

provided in the Tax Regulatory Agreement. The Borrower covenants to file of record the Tax Regulatory Agreement and such other documents, and to take such other steps as are necessary in order to assure that the restrictions contained in the Tax Regulatory Agreement will, subject to the terms of the Tax Regulatory Agreement, be binding upon all owners of the Project. The Borrower covenants to include such restrictions or a reference to such restrictions in any documents transferring any interest in the Project to another to the end that such transferee has notice of, and is bound by, the Tax Regulatory Agreement. Subject to the provisions of Section 7.06 of this Project Loan Agreement, the Governmental Lender and the Fiscal Agent shall have the right to seek specific performance of or injunctive relief to enforce the requirements of any covenants of the Borrower contained in the Tax Regulatory Agreement.

Section 5.13 ***Damage, Destruction and Condemnation***. If prior to full payment of the Funding Loans (or provision for payment of the Funding Loans in accordance with the provisions of the Funding Loan Agreement) the Project or any portion of it is destroyed (in whole or in part) or is damaged by fire or other casualty, or title to, or the temporary use of, the Project or any portion of it shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, or shall be transferred pursuant to an agreement or settlement in lieu of eminent domain proceedings, the Borrower shall nevertheless be obligated to continue to pay the amounts specified in this Project Loan Agreement and in the Project Notes to the extent the Project Loans are not prepaid in full in accordance with the terms of the Project Loan Documents.

Section 5.14 ***Obligation of the Borrower To Construct the Project***. The Borrower shall proceed with reasonable dispatch (and in no event later than required under the Financing Documents) to complete the construction, development and equipping of the Project as required by the Financing Documents. If amounts on deposit in the Project Loan Fund designated for the Project and available to be disbursed to the Borrower are not sufficient to pay the costs of the construction, development and equipping thereof, the Borrower shall pay such additional costs from its own funds. The Borrower shall not be entitled to any reimbursement from the Governmental Lender, the Fiscal Agent, the Servicer, the Funding Lender Representative or the Funding Lender in respect of any such additional costs or to any diminution or abatement in the repayment of the Project Loans. None of the Fiscal Agent, the Governmental Lender, the Funding Lender, the Funding Lender Representative or the Servicer makes any representation or warranty, either express or implied, that money, if any, which will be paid into the Project Loan Fund or otherwise made available to the Borrower will be sufficient to complete the Project, and none of the Fiscal Agent, the Governmental Lender, the Funding Lender, the Funding Lender Representative or the Servicer shall be liable to the Borrower or any other person if for any reason the Project is not completed.

Section 5.15 ***Filing of Financing Statements.*** The Borrower shall file or record or cause to be filed or recorded on or prior to the Delivery Date all UCC financing statements which are required to be filed or recorded in order fully to protect and preserve the security interests relating to the priority of the Project Loans, the Funding Loans, the Pledged Security and the Security Instrument, and the rights and powers of the Governmental Lender, the Fiscal Agent and the Funding Lender in connection with such security interests. The Borrower shall cooperate with the Fiscal Agent in connection with the filing of any continuation statements for the purpose of continuing without lapse the effectiveness of such financing statements.

ARTICLE VI

INDEMNIFICATION

Section 6.01 ***Indemnification***.

(a) **Indemnified Losses**. To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Governmental Lender, the Fiscal Agent, the Servicer, the Funding Lender and each of their respective officers, governing commissioners, members, directors, officials, employees, attorneys and agents (collectively, the "**Indemnified Parties**"), against any and all losses, damages (including, but not limited to, consequential and punitive damages), claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) 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 (collectively, "**Losses**"), to the extent arising, directly or indirectly, out of or based upon or in any way relating to:

(i) The Financing Documents or the execution, amendment, restructuring or enforcement thereof, or in connection with transactions contemplated thereby, including the issuance, sale, transfer or resale of the Project Loans, the Funding Loans, the Project Notes or the Governmental Notes, including any secondary market transaction;

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

(iii) any accident, injury to, or death of persons or loss of or damage to property occurring in, on or about the Project or any part thereof;

(iv) any lien (other than liens permitted under the Continuing Covenant Agreement) or charge upon payments by the Borrower to the Governmental Lender, the Fiscal Agent or the Servicer hereunder, or any Taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Governmental Lender or the Fiscal Agent in respect of any portion of the Project (other than income and similar taxes on fees received or earned in connection therewith);

(v) any violation of any environmental law, rule or regulation with respect to, or the release of any hazardous materials from, the Project or any part thereof;

(vi) the enforcement of, or any action taken by the Governmental Lender, the Fiscal Agent or the Funding Lender Representative related to remedies under this Project Loan Agreement, the Funding Loan Agreement or any other Financing Document;

(vii) 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 Project Loans or contained in any of the Financing Documents to which the Borrower is a party or any untrue statement of a material fact or alleged untrue statement of a material fact by the Borrower contained in any offering statement or document for the Governmental Notes or any of the Financing Documents to which the Borrower is a party, or any omission or alleged omission by the Borrower of a material fact from any offering statement or document for the Governmental Notes necessary to be stated therein in order to make the statements made therein by the Borrower, in the light of the circumstances under which they were made, not misleading;

(viii) any declaration of taxability of interest on the Tax-Exempt Governmental Note or allegations (or regulatory inquiry) that interest on the Tax-Exempt Governmental Note is includable in gross income for federal income tax purposes;

(ix) any audit or inquiry by the Internal Revenue Service with respect to the Project and/or the tax-exempt status of the Tax-Exempt Governmental Note; or

(x) the Fiscal Agent's acceptance or administration of the trust of the Funding Loan Agreement, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Governmental Notes to which it is a party, including all amounts owed under Section 7.06 of the Funding Loan Agreement;

(xi) Any breach (or alleged breach) by the Borrower of any representation, warranty or covenant made in or pursuant to this Project Loan Agreement or in connection with any written or oral representation, presentation, report, appraisal or other information given or delivered by the Borrower, General Partner, Guarantor or their Affiliates to Governmental Lender, the Fiscal Agent, the Funding Lender, Servicer or any other Person in connection with Borrower's application for the Project Loans (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);

(xii) Any failure (or alleged failure) by the Borrower to comply with applicable federal and state laws and regulations pertaining to the making of the Project Loans and the Funding Loans;

(xiii) 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 or construction of, the Project or any part thereof; or

(xiv) The use of the proceeds of the Project Loans and the Funding Loans.

except (A) in the case of the foregoing indemnification of the Fiscal Agent, or any of its respective officers, commissioners, members, directors, officials, employees, attorneys and agents, to the extent such Losses are caused by the negligence, unlawful acts or willful misconduct of such Indemnified Party; or (B) in the case of the foregoing indemnification of the Servicer, or the Funding Lender or any of their respective officers, commissioners, members, directors, officials, employees, attorneys and agents, to the extent such Losses are caused by the gross negligence or willful misconduct of such Indemnified Party; or (C) in the case of the foregoing indemnification

of the Governmental Lender or any related Indemnified Party, to the extent such damages are caused by the willful misconduct of such Indemnified Party.

(b) **Procedures**. 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 such Indemnified Party, shall assume the investigation and defense thereof, including the engagement of counsel selected or 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 such Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to engage 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 engage separate counsel at the expense of the Borrower only if, in such Indemnified Party's good faith judgment, a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel. In addition thereto, the Borrower will pay upon demand all of the fees and expenses paid or incurred by the Fiscal Agent and/or the Governmental Lender in enforcing the provisions hereof, as more fully set forth in this Project Loan Agreement.

(c) **Borrower to Remain Obligated**. Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Project Loan Agreement, the Security Instrument and the Tax Regulatory Agreement, the Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section 6.01 for Losses with respect to any claims based on actions or events occurring prior to the date of such transfer unless (i) such subsequent owner assumed in writing at the time of such transfer all obligations of the Borrower under this Section 6.01 (including obligations under this Section 6.01 for Losses with respect to any claims based on actions or events occurring prior to the date of such transfer) and (ii) any such transfer is in compliance with the requirements of the Financing Documents.

(d) **Survival**. The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to this Project Loan Agreement shall survive the final payment or defeasance of the Governmental Notes and, in the case of the Fiscal Agent, any resignation or removal. The provisions of this Section 6.01 shall survive the termination of this Project Loan Agreement. Nothing contained in this Section 6.01 shall in any way be construed to limit the indemnification rights of the Governmental Lender contained in Section **[**8**]** of the Tax Regulatory Agreement. With respect to the Governmental Lender, the Tax Regulatory Agreement shall control in any conflicts between this Section 6.01 and Section **[**8**]** of the Tax Regulatory Agreement.

Section 6.02 ***Limitation With Respect to the Funding Lender***. Notwithstanding anything in this Project Loan Agreement to the contrary, in the event that the Funding Lender (or its nominee) shall become the owner of the Project as a result of a foreclosure or a deed in lieu of foreclosure, or comparable conversion of the Project Loans, the Funding Lender (or its nominee) shall not be liable for any breach or default of any prior owner of the Project under this Project Loan Agreement and shall only be responsible for defaults and obligations incurred or occurring during the period that the Funding Lender (or its nominee) is the owner of the Project.

Accordingly, during any period that the Funding Lender (or its nominee) owns the Project and that this Article VI is applicable to the Funding Lender (or its nominee), the Funding Lender's (or its nominee's) obligations under this Article VI shall be limited to acts and omissions of the Funding Lender (or its nominee) occurring during the period of the Funding Lender's (or its nominee's) ownership of the Project.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01 ***Events of Default.*** The following shall be "**Events of Default**" under this Project Loan Agreement, and the term "Event of Default" shall mean, whenever it is used in this Project Loan Agreement, one or all of the following events:

(a) Any representation or warranty made by the Borrower in the Financing Documents or any certificate, statement, data or information furnished by the Borrower in connection therewith or included by the Borrower in its application to the Governmental Lender for assistance proves at any time to have been incorrect when made in any material respect;

(b) Failure by the Borrower to pay any amounts due under this Project Loan Agreement, the Project Notes, the Financing Documents or the Security Instrument at the times and in the amounts required by this Project Loan Agreement, the Project Notes, the Financing Documents, and the Security Instrument, as applicable, subject to any applicable cure periods expressly granted to Borrower hereunder;

(c) The Borrower shall fail to observe or perform any other term, covenant, condition or agreement (after taking into account any applicable notice and cure period) set forth in this Project Loan Agreement, which failure continues for a period of 30 days after notice of such failure by the Governmental Lender, the Fiscal Agent or the Funding Lender Representative to the Borrower (with the Governmental Lender, the Fiscal Agent or the Funding Lender Representative providing a courtesy copy of any notice given to the Borrower to the Investor Limited Partner), (unless such default cannot with due diligence be cured within 30 days but can be cured within a reasonable period and will not, in the Funding Lender Representative's sole discretion, adversely affect the Funding Lender or result in impairment of this Project Loan Agreement or any other Financing Document, in which case no Event of Default shall be deemed to exist so long as Borrower and/or the Investor Limited Partner shall have commenced to cure the default or Event of Default within 30 days after the Borrower's receipt of notice, and thereafter diligently and continuously prosecutes such cure to completion); provided, however, no such notice or grace periods shall apply in the case of any such failure which could, in the Funding Lender Representative's judgment, absent immediate exercise by the Funding Lender Representative of a right or remedy under this Agreement, result in harm to the Funding Lender, impairment of this Project Loan Agreement or any other Financing Document; or

(d) The occurrence of a default under the Financing Documents, the Continuing Covenant Agreement or the Security Instrument (after taking into account any applicable

cure period thereunder) shall at the discretion of the Funding Lender Representative constitute an Event of Default under this Project Loan Agreement but only if the Fiscal Agent is provided written notice by the Funding Lender Representative that an Event of Default has occurred under such Financing Document and the Fiscal Agent is instructed by the Funding Lender Representative that such default constitutes an Event of Default hereunder. The occurrence of an Event of Default hereunder shall in the discretion of the Funding Lender Representative constitute a default under the other Financing Documents.

The Investor Limited Partner shall be entitled to cure on behalf of the Borrower any Event of Default with respect to which a cure by the Borrower is expressly permitted, but only to the extent and subject to the same terms and conditions applicable to the Borrower. Any cure of an Event of Default tendered by the Investor Limited Partner shall be treated as a cure tendered by Borrower and shall be accepted or rejected on the same terms as if the cure had been directly tendered by Borrower.

Nothing contained in this Section 7.01 is intended to amend or modify any of the provisions of the Financing Documents or to bind the Governmental Lender, the Fiscal Agent, the Servicer or the Funding Lender Representative to any notice and cure periods other than as expressly set forth in the Financing Documents.

Section 7.02 ***Remedies on Default.*** Subject to Section 7.06 hereof, whenever any Event of Default hereunder shall have occurred and be continuing, the Funding Lender (or the Fiscal Agent at the written direction of the Funding Lender), may take any one or more of the following remedial steps:

(a) The Funding Lender (or the Fiscal Agent at the written direction of the Funding Lender) may take such action, without notice or demand, as the Funding Lender deems advisable to protect and enforce its rights against the Borrower and in and to the Project, including declaring the Project Loans to be immediately due and payable (including, without limitation, declaring the principal of, Prepayment Premium, if any, and interest on and all other amounts due on the Project Notes to be immediately due and payable).

(b) The Funding Lender (or the Fiscal Agent at the written direction of the Funding Lender) may, without being required to give any notice (other than to the Governmental Lender or the Fiscal Agent, as applicable), except as provided herein, pursue all remedies of a creditor under the laws of the State, as supplemented and amended, or any other applicable laws.

(c) The Funding Lender (or the Fiscal Agent at the written direction of the Funding Lender) may take whatever action at law or in equity may appear necessary or desirable to collect the payments under this Project Loan Agreement then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Project Loan Agreement.

In addition, subject to Section 7.06 hereof, the Governmental Lender and the Fiscal Agent may pursue remedies with respect to the Unassigned Rights.

Any amounts collected pursuant to Article IV hereof and any other amounts which would be applicable to payment of principal of and interest and any Prepayment Premium on the Funding Loans collected pursuant to action taken under this Section 7.02 shall be applied in accordance with the provisions of the Funding Loan Agreement.

Section 7.03 ***No Remedy Exclusive.*** Upon the occurrence of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available against the Borrower hereunder or under the Financing Documents or otherwise at law or in equity may be exercised by the Funding Lender (or the Fiscal Agent at the written direction of the Funding Lender), at any time and from time to time, whether or not the Funding Lender has accelerated the Project Loans, and whether or not the Funding Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Financing Documents. No remedy conferred upon or reserved to the Funding Lender or the Fiscal Agent by this Project Loan Agreement 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 Project 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 Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Funding Lender (or the Fiscal Agent at the written direction of the Funding Lender) to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be expressly required by this Project Loan Agreement.

Section 7.04 ***Agreement to Pay Attorneys' Fees and Expenses.*** In the event the Borrower shall default under any of the provisions of this Project Loan Agreement and the Governmental Lender, the Fiscal Agent, the Servicer or the Funding Lender Representative shall employ attorneys or incur other expenses for the collection of loan payments or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained in this Project Loan Agreement or in the Project Notes, the Borrower shall on demand therefor reimburse the reasonable fees of such attorneys and such other expenses so incurred.

Section 7.05 ***No Additional Waiver Implied by One Waiver.*** In the event any agreement contained in this Project Loan Agreement shall be breached by any party and thereafter waived by the other parties, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.06 ***Control of Proceedings.***

(a) If an Event of Default has occurred and is continuing, notwithstanding anything to the contrary herein, the Funding Lender Representative shall have the sole and exclusive right at any time to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Project Loan Agreement, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of this Project Loan Agreement. In addition, the Funding Lender Representative shall have the sole and exclusive right at any time to directly enforce all rights and remedies hereunder and under the other Financing Documents with or without the involvement of the Fiscal Agent or the Governmental Lender. In no event shall the exercise of any of the foregoing

rights result in an acceleration of the Project Loans without the express direction of the Funding Lender Representative.

(b) The Governmental Lender and the Fiscal Agent covenant that they will not, without the prior written consent of the Funding Lender Representative, take any of the following actions:

(i) prosecute any action with respect to a lien on the Project; or

(ii) initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal of, interest on, or other amounts due under, the Project Loans; or

(iii) interfere with or attempt to influence the exercise by the Funding Lender Representative of any of its rights under the Financing Documents upon the occurrence of any event of default by the Borrower under the Financing Documents; or

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

(c) Notwithstanding Sections 7.06(a) and 7.06(b) hereof, the Governmental Lender or the Fiscal Agent may:

(i) specifically enforce the tax covenants of the Borrower specified in Section 2.04 and 2.05 hereof and the Tax Certificate or seek injunctive relief against acts which may be in violation thereof; and

(ii) specifically enforce the Tax Regulatory Agreement or seek injunctive relief against acts which may be in violation of the Tax Regulatory Agreement or are otherwise inconsistent with the operation of the Project in accordance with applicable requirements of the Code and state and local law (but in neither the case of subsection (c)(i) above or this subsection (c)(ii) may the Governmental Lender or the Fiscal Agent seek any form of monetary damages from the Borrower in connection with such enforcement except against Excess Revenues (defined below), if any, of the Borrower, unless (A) Funding Lender Representative otherwise specifically consents in writing to the use of other funds, or (B) the monetary damages are for unpaid amounts owed pursuant to Section 4.02, 4.03, 6.01 or 7.04 hereof).

(d) In addition, notwithstanding Section 7.06(a) and 7.06(b) hereof, the Governmental Lender and the Fiscal Agent may seek specific performance of the other Unassigned Rights (provided no monetary damages are sought except against Excess Revenues, if any, of the Borrower, unless (i) Funding Lender Representative otherwise specifically consents in writing to the use of other funds) or (ii) the monetary damages are for unpaid amounts owed pursuant to Section 4.02, 4.03, 6.01 or 7.04 hereof), and nothing herein shall be construed to limit the rights of the Governmental Lender, the Fiscal Agent or the Indemnified Parties related to the Governmental Lender or the Fiscal Agent under Section 6.01 (each a "*Related Indemnified Party*") to enforce their respective rights against the Borrower under Sections 4.02, 4.03, 6.01 and 7.04 hereof, provided that no obligation of the Borrower to the Governmental Lender, the Fiscal Agent or any Related Indemnified Party under such sections shall be secured by or in any manner

constitute a lien on, or security interest in, the Project, whether in favor of the Governmental Lender, the Fiscal Agent or any Related Indemnified Party, and all such obligations are and shall be subordinate in priority, in right to payment and in all other respects to all other obligations, liens, rights (including without limitation the right to payment) and interests arising or created under the Financing Documents (except for the Fiscal Agent's right to receive payment of reasonable fees and expenses pursuant to Section 6.05(a) of the Funding Loan Agreement after an event of default with respect to the Funding Loans, which reasonable fees and expenses of the Fiscal Agent shall be payable as provided thereunder). Accordingly, none of the Governmental Lender, the Fiscal Agent or any Related Indemnified Party shall have the right to enforce any monetary obligation arising under such sections other than directly against the Borrower, without recourse to the Project. In addition, any such enforcement must not cause the Borrower to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Borrower under any applicable liquidation, insolvency, bankruptcy, rehabilitation, composition, reorganization, conservation or other similar law in effect now or in the future.

(e) As used in this Section 7.06, the term "Excess Revenues" means, for any period, the net cash flow of the Borrower available for distribution or payment to shareholders, members or partners (as the case may be) for such period, after the payment of all interest expenses, the amortization of all principal of all indebtedness coming due during such period (whether by maturity, mandatory sinking fund payment, acceleration or otherwise) with respect to the Project, the payment of all fees, costs and expenses on an occasional or recurring basis in connection with the Project Loans or the Funding Loans under any Financing Document or any other indebtedness of the Borrower, the payment of all operating, overhead, ownership and other expenditures of the Borrower directly or indirectly in connection with the Project (whether any such expenditures are current, capital or extraordinary expenditures), and the setting aside of all reserves for taxes, insurance, water and sewer charges or other similar impositions, capital expenditures, repairs and replacements and all other amounts which the Borrower is required to set aside pursuant to agreement, but excluding depreciation and amortization of intangibles.

Section 7.07 ***Assumption of Obligations***. In the event that the Fiscal Agent or the Funding Lender or their respective assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of the Borrower under this Project Loan Agreement, the Project Notes, the Tax Regulatory Agreement, and any other Financing Documents to which the Borrower is a party or with respect to which it is a third-party beneficiary. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

ARTICLE VIII

MISCELLANEOUS

Section 8.01 ***Notices***.

(a) Whenever in this Project Loan Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive

such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to the Governmental Lender, the Fiscal Agent, the Funding Lender Representative, the Borrower or the Servicer shall be sufficiently given and shall be deemed given (unless another form of notice shall be specifically set forth herein) if by hand on the date of such delivery and otherwise on the Business Day following the date on which such notice or other communication shall have been delivered to a national overnight delivery service (in each case, receipt of which to be evidenced by a signed receipt from such hand or overnight delivery service or by the recipient party) addressed to the appropriate party at the addresses set forth in Section 11.04 of the Funding Loan Agreement or as required or permitted by this Project Loan Agreement by Electronic Notice. The Governmental Lender, the Fiscal Agent, the Funding Lender Representative, the Borrower or the Servicer may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

A duplicate copy of each notice or other communication given hereunder by any party to the Servicer shall also be given to the Funding Lender Representative and a duplicate copy of each notice or other communication given hereunder by any party to the Funding Lender Representative shall be given to the Servicer.

The Fiscal Agent is authorized and agrees to accept and act upon Electronic Notice of written instructions and/or directions pursuant to this Project Loan Agreement.

(b) The Fiscal Agent shall provide to the Funding Lender Representative and the Servicer (i) prompt notice of the occurrence of any Event of Default hereunder and (ii) any written information or other communication received by the Fiscal Agent hereunder within ten (10) Business Days of receiving a written request from the Funding Lender Representative for any such information or other communication.

Section 8.02 ***Concerning Successors and Assigns.*** All covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the financing herein contemplated and shall continue in full force and effect so long as the obligations hereunder are outstanding. Whenever in this Project Loan Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Borrower which are contained in this Project Loan Agreement shall bind its successors and assigns and inure to the benefit of the successors and assigns of the Governmental Lender, the Fiscal Agent, the Servicer, the Funding Lender and the Funding Lender Representative, as applicable.

Section 8.03 ***Governing Law.*** This Project Loan Agreement and the Exhibits attached hereto shall be construed in accordance with and governed by the internal laws of the State and, where applicable, the laws of the United States of America, without regard to conflicts of laws principles.

Section 8.04 ***Entire Agreement, Modifications in Writing.*** This Project Loan Agreement contains the complete and entire understanding of the parties with respect to the matters covered. Modification or the waiver of any provisions of this Project Loan Agreement or consent to any departure by the parties therefrom, shall in no event be effective unless the same shall be in writing approved by the parties hereto and shall require the prior written consent of the Funding Lender Representative and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Borrower in any case shall entitle it to any other or further notice or demand in the same circumstances.

Section 8.05 ***Further Assurances and Corrective Instruments.*** The Governmental Lender (at the expense of the Borrower), the Fiscal Agent and the Borrower agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required (including such supplements or further instruments requested by the Funding Lender Representative) for correcting any inadequate or incorrect description of the performance of this Project Loan Agreement; provided, however, that no such supplement or further instruction shall change the essential economic terms of the Project Loans or impose on the Borrower greater liability in connection with the Project Loan Documents without the written consent of the Borrower.

Section 8.06 ***Captions.*** The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Project Loan Agreement.

Section 8.07 ***Severability.*** The invalidity or unenforceability of any provision of this Project Loan Agreement shall not affect the validity of any other provision, and all other provisions shall remain in full force and effect.

Section 8.08 ***Counterparts.*** This Project Loan Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 8.09 ***Amounts Remaining in Loan Payment Fund or Other Funds.*** It is agreed by the parties hereto that any amounts remaining in the Loan Payment Fund or other funds and accounts established under the Funding Loan Agreement upon expiration or sooner termination of the term hereof (and the repayment in full of the Project Loans and all other amounts owing under the Project Loan Documents), shall be paid in accordance with the Funding Loan Agreement.

Section 8.10 ***Effective Date and Term.*** This Project Loan Agreement shall become effective upon its execution and delivery by the parties hereto, shall be effective and remain in full force from the date hereof, and, subject to the provisions hereof, shall expire on such date as the Funding Loan Agreement shall terminate.

Section 8.11 ***Cross References.*** Any reference in this Project Loan Agreement to an "Exhibit," an "Article," a "Section," a "Subsection" or a "Paragraph" shall, unless otherwise explicitly provided, be construed as referring, respectively, to an exhibit attached to this Project Loan Agreement, an article of this Project Loan Agreement, a section of this Project Loan Agreement, a subsection of the section of this Project Loan Agreement in which the reference

appears and a paragraph of the subsection within this Project Loan Agreement in which the reference appears. All exhibits attached to or referred to in this Project Loan Agreement are incorporated by reference into this Project Loan Agreement.

Section 8.12 ***No Third-Party Beneficiaries*****.** The Financing Documents are solely for the benefit of the Governmental Lender, the Funding Lender, the Funding Lender Representative, the Servicer, the Fiscal Agent and the Borrower, and nothing contained in any Financing Document shall be deemed to confer upon anyone other than the foregoing parties any right to insist upon or to enforce the performance or observance of any of the obligations contained therein.

Section 8.13 ***[Reserved]*****.**

Section 8.14 ***Non-Liability of Governmental Lender***. Notwithstanding anything to the contrary herein or in any other instrument to the contrary, the Governmental Lender shall not be obligated to pay the principal (or Prepayment Premium) of or interest on the Funding Loans, except from Revenues and other money and assets received by the Fiscal Agent on behalf of the Governmental Lender pursuant to this Project Loan Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Governmental Lender or any member is pledged to the payment of the principal (or prepayment premium) or interest on the Funding Loans. The Governmental Lender shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Project Loan Agreement, the Funding Loans, the Governmental Notes or the Funding Loan Agreement, except only to the extent amounts are received for the payment thereof from the Borrower under this Project Loan Agreement.

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

Section 8.15 ***No Liability of Officers*****.** Notwithstanding anything to the contrary herein or in any other instrument to the contrary, no recourse under or upon any obligation, covenant, or agreement or in the Governmental Notes, or under any judgment obtained against the Governmental Lender, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any incorporator, member, director, commissioner, employee, agent or officer, as such, past, present, or future, of the Governmental Lender, either directly or through the Governmental Lender, or otherwise, for the payment for or to the Governmental Lender or any receiver thereof, or for or to the Funding Lender, of any sum that may be due and unpaid by the

Governmental Lender upon the Funding Loans. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director, commissioner, employee, agent or officer, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for or to the Governmental Lender or any receiver thereof, or for or to the Funding Lender, of any sum that may remain due and unpaid upon the Funding Loans, is hereby expressly waived and released as a condition of and consideration for the execution of this Project Loan Agreement and the issuance of the Governmental Notes.

Section 8.16 ***Capacity of the Fiscal Agent***. The Fiscal Agent is entering into this Project Loan Agreement solely in its capacity as Fiscal Agent and shall be entitled to the rights, protections, and limitations from liability and immunities afforded it as Fiscal Agent under the Funding Loan Agreement. The Fiscal Agent shall be responsible only for the duties of the Fiscal Agent expressly set forth herein and in the Funding Loan Agreement.

Section 8.17 ***Reliance***. The representations, covenants, agreements and warranties set forth in this Project Loan Agreement may be relied upon by the Governmental Lender, the Fiscal Agent, Bond Counsel, the Servicer, the Funding Lender and the Funding Lender Representative. In performing their duties and obligations under this Project Loan Agreement and under the Funding Loan Agreement, the Governmental Lender and the Fiscal Agent may rely upon statements and certificates of the Borrower, upon certificates of tenants believed to be genuine and to have been executed by the proper person or persons, and upon audits of the books and records of the Borrower pertaining to occupancy of the Project. In addition, the Governmental Lender and the Fiscal Agent may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Governmental Lender or the Fiscal Agent under this Project Loan Agreement and under the Funding Loan Agreement in good faith and in conformity with the opinion of such counsel. It is expressly understood and agreed by the parties to this Project Loan Agreement (other than the Governmental Lender) that:

(a) the Governmental Lender may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Governmental Lender by the Fiscal Agent, the Funding Lender or the Borrower as to the existence of a fact or state of affairs required under this Project Loan Agreement to be noticed by the Governmental Lender;

(b) the Governmental Lender shall not be under any obligation to perform any record keeping or to provide any legal service, it being understood that such services shall be performed or caused to be performed by the Fiscal Agent, the Funding Lender Representative, the Servicer or the Borrower, as applicable; and

(c) none of the provisions of this Project Loan Agreement shall require the Governmental Lender or the Fiscal Agent to expend or risk its own funds (apart from the proceeds of Funding Loans issued under the Funding Loan Agreement) or otherwise endure financial liability in the performance of any of its duties or in the exercise of any of its rights under this Project Loan Agreement, unless it shall first have been adequately

indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred by taking any such action.

Section 8.18 ***Construction of Documents***. The parties hereto acknowledge that they were represented by counsel in connection with the negotiation and drafting of the Financing Documents and that the Financing Documents shall not be subject to the principle of construing their meaning against the party that drafted them.

Section 8.19 ***Assignment.*** The Project Loan Agreement, the Security Instrument, the Project Notes and the Project Loan Documents and all Funding Lender's or Fiscal Agent's rights, title, obligations and interests therein may be assigned by the Funding Lender or the Fiscal Agent, as appropriate, at any time in its sole discretion, whether by operation of law (pursuant to a merger or other successor in interest) or otherwise, provided that neither the Funding Lender nor the Fiscal Agent may assign or transfer its interest in the Project Loan Documents separately from its interest in the Funding Loan Agreement and the Governmental Notes, any assignment or transfer of which must be in conformity with the requirements of Section 2.08 of the Funding Loan Agreement. Upon such assignment, all references to Funding Lender or the Fiscal Agent, as appropriate, in this Project Loan Agreement and in any Project Loan Document shall be deemed to refer to such assignee or successor in interest and such assignee or successor in interest shall thereafter stand in the place of the Funding Lender or the Fiscal Agent, as appropriate. The Borrower shall accord full recognition to any such assignment, and all rights and remedies of Funding Lender in connection with the interest so assigned shall be as fully enforceable by such assignee as they were by Funding Lender before such assignment. In connection with any proposed assignment, Funding Lender may disclose to the proposed assignee any information that the Borrower has delivered, or caused to be delivered, to Funding Lender with reference to the Borrower, General Partner, any Affiliate of either of them, or the Project, including information that the Borrower is required to deliver to Funding Lender pursuant to this Project Loan Agreement, provided that such proposed assignee agrees to treat such information as confidential. The Borrower may not assign its rights, interests or obligations under this Project Loan Agreement or under any of the Project Loan Documents or Financing Documents, or the Borrower's interest in any moneys to be disbursed or advanced hereunder, except only as may be expressly permitted hereby.

Section 8.20 ***Governmental Lender, Funding Lender and Servicer Not in Control; No Partnership.*** None of the covenants or other provisions contained in this Project Loan Agreement shall, or shall be deemed to, give the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer the right or power to exercise control over the affairs or management of the Borrower, the power of the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer being limited to the rights to exercise the remedies referred to in the Project Loan Documents and the Financing Documents. The relationship between the Borrower and the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer is, and at all times shall remain, solely that of debtor and creditor. No covenant or provision of the Project Loan Documents or the Financing Documents is intended, nor shall it be deemed or construed, to create a partnership, joint venture, agency or common interest in profits or income between the Borrower and the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer or to create an equity in the Project in the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer. None of the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer undertake or assume any responsibility or duty to the Borrower or to any other person with respect

to the Project or the Project Loans, except as expressly provided in the Project Loan Documents or the Financing Documents; and notwithstanding any other provision of the Project Loan Documents and the Financing Documents: (1) the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer are not, and shall not be construed as, a partner, joint venturer, alter ego, manager, controlling person or other business associate or participant of any kind of the Borrower or its stockholders, members, or partners and the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer do not intend to ever assume such status; (2) the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer shall in no event be liable for any of the Borrower's obligations under or with respect to the Project Loan Agreement or the Project Notes, or expenses or losses incurred or sustained by the Borrower; and (3) the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer shall not be deemed responsible for or a participant in any acts, omissions or decisions of the Borrower, or its stockholders, members, or partners, as applicable. The Governmental Lender, the Funding Lender, the Fiscal Agent, the Servicer and the Borrower disclaim any intention to create any partnership, joint venture, agency or common interest in profits or income between the Governmental Lender, the Funding Lender, the Servicer, the Fiscal Agent and the Borrower, or to create any equity interest in the Project on behalf of the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer, or any sharing of liabilities, losses, costs or expenses.

Section 8.21 ***Release***. The Borrower hereby acknowledges that it is executing this Project Loan Agreement and each of the Project Loan Documents and the Financing Documents to which it is a party as its own voluntary act free from duress and undue influence.

Section 8.22 ***Counterparts*****.** This Project Loan Agreement may be executed in multiple counterparts, each of which shall constitute an original document and all of which together shall constitute one agreement.

Section 8.23 ***Captions***. The captions of the sections of this Project Loan Agreement are for convenience only and shall be disregarded in construing this Project Loan Agreement.

Section 8.24 ***City Contracting Provisions***. The Borrower covenants and agrees to comply with the provisions set forth in Section **[**21**]** of the Tax Regulatory Agreement as if fully set forth herein.

[Signature Pages Follow**]**

IN WITNESS WHEREOF, the parties hereto have executed this Project Loan Agreement, all as of the date first set forth above.

CITY AND COUNTY OF SAN FRANCISCO

By: _____
Eric D. Shaw, Director
Mayor's Office of Housing
and Community Development

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: _____
Kenneth D. Roux, Deputy City Attorney

[GOVERNMENTAL LENDER'S SIGNATURE PAGE TO
2550 IRVING PROJECT LOAN AGREEMENT**]**

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Fiscal Agent

By _____
Name:
Title:

[FISCAL AGENT'S SIGNATURE PAGE TO 2550 IRVING PROJECT LOAN AGREEMENT**]**

2550 IRVING ASSOCIATES, L.P.,
a California limited partnership

By: 2550 Irving GP LLC,
a California limited liability company,
its general partner

By: Tenderloin Neighborhood Development Corporation,
a California nonprofit public benefit corporation,
its manager

By: _____
Katherine Lamont
Interim Co-Chief Executive Officer

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Buchalter
1000 Wilshire Blvd. #1500
Los Angeles, California 90071
Attention: Mercedes Martin, Esq.
Ref: B0695-0780

Assessor's Lot 038; Block 1724

Space Above For Recorder's Use

ASSIGNMENT OF DEED OF TRUST AND RELATED DOCUMENTS

This **ASSIGNMENT OF DEED OF TRUST AND RELATED DOCUMENTS** ("**Assignment**") is dated as of [_____], 2024 from the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation and chartered city and county, duly organized and validly existing under its City Charter and the Constitution and laws of the State of California, acting by and through the Mayor's Office of Housing and Community Development (the "**Governmental Lender**"), to **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association, as fiscal agent (the "**Fiscal Agent**"), in trust for the benefit of the Funding Lender (defined below) under the "Funding Loan Agreement" (defined below).

RECITALS

A. Pursuant to Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (the "**Act**"), Governmental Lender has determined to make a mortgage loan to 2550 Irving Associates, L.P., a California limited partnership ("**Borrower**"), in the maximum aggregate principal amount of $[_____] (the "**Borrower Loan**") to provide for the financing of 90-unit multifamily rental housing development project (the "**Project**") on the real property (the "**Land**") located in the County of San Francisco, State of California, and more particularly described on Exhibit A attached hereto. The Borrower Loan will be made pursuant to that certain Project Loan Agreement (as amended from time to time, the "**Borrower Loan Agreement**") dated as of [_____] 1, 2024, among Governmental Lender, as lender, Borrower, as borrower, Bank of America, N.A., a national banking association (together with its successors and assigns, the "**Funding Lender**"), as funding lender, and Fiscal Agent, as fiscal agent. The Borrower Loan is evidenced by, among other things, that certain Promissory Note (Tax-Exempt) in the original principal amount of $[_____] and that certain Promissory Note (Taxable) in the original principal amount of $[_____] (as amended from time to time, collectively the "**Note**") dated as of even date herewith, and made by Borrower to the order of Governmental Lender. To secure, among other obligations, Borrower's obligations under the Borrower Loan Agreement and the Note, the Borrower, as trustor, is, concurrently herewith, executing, acknowledging and delivering to Governmental Lender, as beneficiary, a deed of trust (as amended from time to time, the "**Mortgage**"), encumbering, among other things, Borrower's fee simple interest in the Land and related real and personal property. The Mortgage is being duly recorded in the Official Records of the County of San Francisco, State of California, substantially concurrently with the recordation of this Assignment. Borrower has also executed and delivered to Governmental Lender, as additional security for the Borrower Loan, (i) an Assignment of Contracts, Plans and Specifications dated as of even date herewith and such Consents to Assignment by Architect and Contractor as required therein; (ii) an Assignment and Subordination of Management Agreement dated as of even date herewith and consented to by Manager; (iii) a Security Agreement (Assignment of Partnership Interests and Capital Obligations) dated as of even date herewith, and (iv) an Assignment of Agreement to Enter into Housing Assistance Payments Contract, Housing Assistance Payments Contract and Housing Assistance Payments dated as of even date herewith. The documents identified in this paragraph, together with all "Project Loan Documents" (as defined in the Funding Loan Agreement, defined below) are collectively referred to herein as the "**Borrower Documents**".

B. Tenderloin Neighborhood Development Corporation, a California nonprofit public benefit corporation (the "**Guarantor**"), has executed and delivered to the Governmental Lender (i) a Payment Guaranty dated as of even date herewith, and (ii) a Completion Agreement dated as of even date herewith (collectively, the "**Guaranties**").

C. Governmental Lender, in order to obtain the funds necessary to enable it to make the Borrower Loan to the Borrower, has determined to obtain a loan (the "**Funding Loan**") from Funding Lender in the maximum aggregate principal amount of $[_____]. The Funding Loan will be made by Funding Lender to Governmental Lender pursuant to that certain Funding Loan Agreement (as amended from time to time, the "**Funding Loan Agreement**") dated as of [_____] 1, 2024, by and among Funding Lender, as lender, Governmental Lender, as borrower, and the Fiscal Agent, as fiscal agent. The Funding Loan will be evidenced by, among other things, that certain [City and County of San Francisco, California Multifamily Housing Revenue Note (2550 Irving), Series [_____] in the original face principal amount of $[_____], and that certain [City and County of San Francisco, California Multifamily Housing Taxable Revenue Note (2550 Irving), Series [_____] in the original face principal amount of $[_____] (as amended from time to time, collectively the "**Funding Loan Note**") dated as of even date herewith, made by Governmental Lender to the order of Funding Lender. The Funding Lender, pursuant to the terms and subject to the conditions of the Funding Loan Agreement, has agreed to fund the proceeds of the Funding Loan to Governmental Lender on a draw-down basis, which proceeds of the Funding Loan will in turn be used by Governmental Lender to fund the Borrower Loan to the Borrower. In order to secure the repayment of the Funding Loan, Governmental Lender has pledged to Fiscal Agent, in trust for the benefit of the Funding Lender, pursuant to the terms and conditions of the Funding Loan Agreement, all of Governmental Lender's right, title and interest in, to and under the Borrower Loan, the Borrower Loan Agreement, the Note, the Mortgage and all of the other "Project Loan Documents" (as defined in the Funding Loan Agreement) To further evidence and perfect such pledge, Governmental Lender, substantially concurrently herewith, has duly endorsed the Note to the order of Fiscal Agent, in trust for the benefit of the Funding Lender, and has agreed to execute and deliver to Fiscal Agent, in trust for the benefit of the Funding Lender, this Assignment, which assigns to Fiscal Agent, in trust for the benefit of the Funding Lender, among other items, all of Governmental Lender's right, title and interest under the Mortgage, Borrower Documents and Guaranties.

D. The Governmental Lender desires to assign and transfer to the Fiscal Agent, in trust for the benefit of the Funding Lender all its right, title and interest in and to (but not its obligations under) the Borrower Documents and the Guaranties, excluding all Unassigned Rights expressly reserved to the Governmental Lender in the Funding Loan Agreement (which reservations include, without limitation, rights as to payment of certain fees and expenses and rights to indemnification and notices), and the Fiscal Agent, in trust for the benefit of the Funding Lender, desires to acquire Governmental Lender's rights, title and interest as aforesaid under the Borrower Documents and the Guaranties in accordance with the terms hereof. The Fiscal Agent is joining in the execution of this Assignment in order to evidence its acceptance hereof.

E. The Borrower is joining in the execution of this Assignment in order to evidence its consent hereto and in order to agree that the obligations of the Borrower Documents under the Borrower Documents shall continue to be effective notwithstanding the assignment by the Governmental Lender to the Fiscal Agent, in trust for the benefit of the Funding Lender, of its rights therein.

F. The Guarantor is joining in the execution of this Assignment in order to evidence its consent hereto and in order to agree that the Guaranties shall continue to be effective notwithstanding the assignment by the Governmental Lender to the Fiscal Agent, in trust for the benefit of the Funding Lender, of its rights therein.

AGREEMENT

NOW, THEREFORE, the parties hereby agree as follows:

Section 1. Assignment. The Governmental Lender sells, assigns and sets over and transfers to the Fiscal Agent, in trust for the benefit of the Funding Lender all the right, title and interest of the Governmental Lender in, to and under (but not its obligations under) the Borrower Documents and the Guaranties, excluding any Unassigned Rights expressly reserved to the Governmental Lender in the Funding Loan Agreement (which reservation includes, without limitation, rights as to payment of fees and expenses, rights to indemnification and notices). This Assignment is made and shall be without recourse, warranty or representation of the Governmental Lender.

Section 2. Miscellaneous. In case any one or more of the provisions contained in this Assignment are invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein will not be affected or impaired thereby. This Assignment may be executed in any number of counterparts, each executed counterpart constituting an original, but all counterparts together constituting only one instrument. It is the intention of the parties hereto that this Assignment and the rights and obligations of the parties hereunder shall be governed, construed and enforced in accordance with the laws of the State of California, without reference to the conflicts of laws and principles of the State of California.

[*Signature pages follow*]

IN WITNESS WHEREOF, the undersigned have executed this Assignment of Deed of Trust and Related Documents as of the date first above written.

GOVERNMENTAL LENDER:

CITY AND COUNTY OF SAN FRANCISCO,
acting by and through the Mayor's Office of
Housing and Community Development

By: _____
Name:
Title:

APPROVED AS TO FORM:

[_____]
City Attorney

By: _____
Name: _____
Title: Deputy City Attorney

ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss
County of _____)

On _____, 2024 before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person (s) whose name (s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her their authorized capacity (ies), and that by his/her/their signature (s) on the instrument the person (s), or the entity upon behalf of which the person (s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature_____

(Seal)

IN WITNESS WHEREOF, the undersigned have executed this Assignment of Deed of Trust and Related Documents as of the date first above written.

FISCAL AGENT:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
a national banking association

By: _____
Name: _____
Title: _____

ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss
County of _____)

On _____, 2024 before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person (s) whose name (s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her their authorized capacity (ies), and that by his/her/their signature (s) on the instrument the person (s), or the entity upon behalf of which the person (s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature_____

(Seal)

The undersigned, being the Borrower referred to in the foregoing Assignment of Deed of Trust Documents, hereby acknowledges receipt and acceptance thereof, consents and agrees to the Assignment made therein and agrees that its obligations under the Borrower Documents shall remain in full force and effect notwithstanding the assignment effected by the foregoing Assignment.

BORROWER:

2550 Irving Associates, L.P.,
a California limited partnership

By: 2550 Irving GP LLC,
a California limited liability company,
its general partner

By: Tenderloin Neighborhood Development Corporation,
a California nonprofit public benefit corporation,
its manager

By: _____
Katherine Lamont
Interim Co-Chief Executive Officer

ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss
County of _____)

On _____, 2024 before me, _____, a Notary Public, personally appeared Katherine Lamont, who proved to me on the basis of satisfactory evidence to be the person (s) whose name (s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her their authorized capacity (ies), and that by his/her/their signature (s) on the instrument the person (s), or the entity upon behalf of which the person (s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature_____

(Seal)

The undersigned, being the Guarantor referred to in the foregoing Assignment of Deed of Trust and Related Documents, hereby acknowledges receipt and acceptance thereof, consents and agrees to the Assignment made therein and agrees that its obligations under the Guaranties shall remain in full force and effect notwithstanding the assignment effected by the foregoing Assignment.

GUARANTOR:

TENDERLOIN NEIGHBORHOOD DEVELOPMENT CORPORATION,
a California nonprofit public benefit corporation

By: _____
Name: Katherine Lamont
Title: Interim Co-Chief Executive Officer

ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss
County of _____)

On _____, 2024 before me, _____, a Notary Public, personally appeared Katherine Lamont, who proved to me on the basis of satisfactory evidence to be the person (s) whose name (s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her their authorized capacity (ies), and that by his/her/their signature (s) on the instrument the person (s), or the entity upon behalf of which the person (s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature_____

(Seal)

EXHIBIT A

LEGAL DESCRIPTION

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

Leasehold estate as created by that certain Ground Lease dated _____, made by and between the City and County of San Francisco, a municipal corporation, as lessor, and 2550 Irving Associates, L.P., a California limited partnership, as lessee, for the term of and upon the terms and conditions contained in said lease, a Memorandum thereof recorded _____ in Official Records under Recorder's Serial Number _____, in and to the following:

(A) Beginning at the point of intersection of the Northerly line of Irving Street with the Westerly line of 26th Avenue; running thence Westerly along the Northerly line of Irving Street 82 feet and 6 inches; thence at a right angle Northerly 90 feet; thence at a right angle Easterly 82 feet and 6 inches to the Westerly line of 26th Avenue; thence Southerly along the Westerly line of 26th Avenue 90 feet to the point of beginning.

Being a portion of Outside Land Block No. 647.

(B) Beginning at a point on the Northerly line of Irving Street, distant thereon 82 feet and 6 inches Westerly from the Westerly line 26th Avenue; running thence Westerly along the Northerly line of Irving Street 25 feet; thence at a right angle Northerly 90 feet; thence at a right angle Easterly 25 feet; thence at a right angle Southerly 90 feet to the point of beginning.

Being a portion of Outside Land Block No. 647.

(C) Beginning at a point on the Northerly line of Irving Street, distant thereon 107 feet and 6 inches Westerly from the Westerly line of 26th Avenue; running thence Westerly along the Northerly line of Irving Street 25 feet; thence at a right angle Northerly 90 feet; thence at a right angle Easterly 25 feet; thence at a right angle Southerly 90 feet to the point of beginning.

Being a portion of Outside Land Block No. 647.

(D) Beginning at a point on the Northerly line of Irving Street, distant thereon 82 feet and 6 inches Easterly from the point formed by the intersection of the Northerly line of Irving Street with the Easterly line of 27th Avenue; running thence Easterly along said Northerly line of Irving Street 25 feet; thence at a right angle Northerly 90 feet; thence at a right angle Westerly 25 feet; thence at a right angle Southerly 90 feet to the Northerly line of Irving Street and the point of beginning.

Being a portion of Outside Land Block No. 647.

(E) Beginning at the point of intersection of the Easterly line of 27th Avenue and the Northerly line of Irving Street; running thence Northerly along said line of 27th Avenue 60 feet; thence at a right angle Easterly 82 feet and 6 inches; thence at a right angle Southerly 60 feet to the Northerly line of Irving Street; thence at a right angle Westerly along said line of Irving Street 82 feet and 6 inches to the point of beginning.

Being part of Outside Land Block No. 647.

Assessor's Lot 038; Block 1724

No Fee Recording (Pursuant to
Government Code Section 27383)

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Robert Labes, Esq.
SQUIRE PATTON BOGGS (US) LLP
2550 M Street, NW
Washington, DC 20037

APN: Lot 038, Block 1724
Property Address: 2520-2550 Irving Street, San Francisco, CA 94122

REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

by and between the

CITY AND COUNTY OF SAN FRANCISCO

and

2550 Irving Associates, L.P.,
a California limited partnership

Dated as of May 1, 2024

Relating to:

City and County of San Francisco, California
Multifamily Housing Revenue Note
(2550 Irving)
Series 2024C-1

And

City and County of San Francisco, California
Multifamily Housing Revenue Note
(2550 Irving)
Series 2024C-2 (Taxable)

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EXHIBIT A – Legal Description of the Site A-1
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REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

This REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS is made and entered into as of May 1, 2024, by and between the City and County of San Francisco, a municipal corporation and chartered city and county, duly organized and validly existing under its City Charter and the Constitution and laws of the State of California (together with any successor to its rights, duties and obligations, the "City"), acting by and through the Mayor's Office of Housing and Community Development, and 2550 Irving Associates, L.P., a California limited partnership (together with any permitted successors or assigns, the "Owner"), owner of a leasehold interest in the land as more particularly described in Exhibit A attached hereto.

RECITALS

A. WHEREAS, pursuant to the Charter of the City, Article I of Chapter 43 of the Administrative Code of the City and County of San Francisco Municipal Code and Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as now in effect and as may be amended and supplemented (collectively, the "Act"), the City is authorized to issue revenue bonds, notes and other evidences of indebtedness to finance the acquisition, construction, and development of multifamily rental housing; and

B. WHEREAS, the Board of Supervisors of the City has authorized the execution and delivery of multifamily mortgage revenue notes under the Act in connection with the acquisition and construction of an affordable multifamily residential rental housing development consisting of a total of ninety (90) residential rental apartment units (which include one (1) manager's unit) and related fixtures, equipment, furnishings and site improvements, known collectively as "2550 Irving," located in the City (the "Project"), as further described herein, which shall be subject to the terms and provisions hereof; and

C. WHEREAS, simultaneously with the delivery of this Regulatory Agreement, the City is entering into a Funding Loan Agreement (the "Funding Loan Agreement") with Bank of America, N.A., a national banking association, in its capacity as initial funding lender ("Initial Funding Lender" and together with any additional funding lender, the "Funding Lender"), and the Fiscal Agent (defined below), pursuant to which the Funding Lender (i) will advance funds (the "Funding Loan") to or for the account of the City, and (ii) the City will apply the proceeds of the Funding Loan to make one or more loans (collectively, the "Borrower Loan") to the Owner to finance the construction and development of the Project; and

D. WHEREAS, in furtherance of the purposes of the Act and as a part of the City's plan of financing affordable housing, and to evidence its obligation to make the payments due to the Funding Lender under the Funding Loan, the City is executing and delivering to the Funding Lender its revenue note designated "City and County of San Francisco Multifamily Housing Revenue Note (2550 Irving), Series 2024C-1" (the "Tax-Exempt Note") and "City and County of San Francisco Multifamily Housing Revenue Note (2550 Irving), Series 2024C-2 (Taxable)" (the "Taxable Note" and, together with the Tax-Exempt Note, the "Notes", and each, a "Note") pursuant to the Issuance Resolution (defined herein); and

E. WHEREAS, simultaneously with the delivery of this Regulatory Agreement, the City, the Fiscal Agent and the Owner will enter into a Borrower Loan Agreement dated as of the date hereof (the "Borrower Loan Agreement"), whereby the City will make the Borrower Loan to the Owner and the Owner agrees to make loan payments to the City in an amount which will be sufficient to enable the City to repay the Funding Loan and to pay all costs and expenses related thereto when due; and

F. WHEREAS, the City hereby certifies that all things necessary to make the Notes, when executed and delivered as provided in the Issuance Resolution and the Funding Loan Agreement, the valid, binding and limited obligations of the City have been done and performed, and the execution and delivery of the Notes, subject to the terms thereof, in all respects have been duly authorized; and

G. WHEREAS, the Code (as defined herein) and the regulations and rulings promulgated with respect thereto and the Act prescribe that the use and operation of the Project be restricted in certain respects and in order to ensure that the Project will be acquired, constructed, equipped, used and operated in accordance with the Code and the Act, the City and the Owner have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, construction and operation of the Project.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and undertakings set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the City and the Owner agree as follows:

1. Definitions and Interpretation. Capitalized terms used herein have the meanings assigned to them in this Section 1, unless the context in which they are used clearly requires otherwise:

"Act" has the meaning set forth in Recital A of this Regulatory Agreement.

"Adjusted Income" – The adjusted income of a person (together with the adjusted income of all persons of the age of 18 years or older who intend to reside with such person in one residential unit) as calculated in the manner prescribed pursuant to Section 8 of the Housing Act, or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination or as otherwise required under Section 142 of the Code and the Act.

"Affiliated Party" – (a) a Person whose relationship with the Owner would result in a disallowance of losses under Section 267 or 707(b) of the Code, (b) a Person who together with the Owner are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein), (c) a partnership and each of its partners (and their spouses and minor children) whose relationship with the Owner would result in a disallowance of losses under Section 267 or 707(b) of the Code, and (d) an S corporation and each of its shareholders (and their spouses and minor children) whose relationship with the Owner would result in a disallowance of losses under Section 267 or 707(b) of the Code.

"Annual Monitoring Report" has the meaning set forth in Section 5(l) of this Regulatory Agreement.

"Area" – The HUD Metro Fair Market Rent Area (HMFA), or the successor area determined by HUD in which the Project is located.

"Authorized Owner Representative" – Any person who at the time and from time to time may be designated as such by written certificate furnished to the City and the Fiscal Agent containing the specimen signature of such person and signed on behalf of the Owner by the General Partner(s) of the Owner, which certificate may designate an alternate or alternates.

"Available Units" – Residential units in the Project that are actually occupied and residential units in the Project that are vacant and have been occupied at least once after becoming available for occupancy, provided that (a) a residential unit that is vacant on the later of (i) the date the Project is constructed or (ii) the date of the execution and delivery of the Note is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after such date, and (b) a residential unit that is not available for occupancy due to renovations is not an Available Unit and does not become an Available Unit until it has been occupied for the first time after the completion of the renovations.

"Borrower Loan" has the meaning set forth in Recital C of this Regulatory Agreement.

"Borrower Loan Agreement" has the meaning set forth in Recital E of this Regulatory Agreement.

"CDLAC" – The California Debt Limit Allocation Committee.

"CDLAC Requirements" – The requirements described in Section 26 of this Regulatory Agreement.

"CDLAC Resolution" – The resolution described in Section 26 of this Regulatory Agreement.

"Certificate of Continuing Program Compliance" – The Certificate with respect to the Project to be filed by the Owner with the City and the Program Administrator, which shall be substantially in the form attached to this Regulatory Agreement as Exhibit D, or such other form as is provided by the City and executed by an Authorized Owner Representative.

"Certificate of Preference" – A residential Certificate of Preference issued by the City pursuant to the City's Certificate of Preference Program, as further described in the Operational Rules attached hereto as Exhibit I.

"City" has the meaning set forth in the introductory paragraph of this Regulatory Agreement.

"City Median Income" – The "Maximum Income by Household Size" derived by the Mayor's Office of Housing and Community Development and published annually, based on the unadjusted area median income for the Area, as determined annually by HUD in a manner

consistent with determinations of area median gross income under Section 8 of the Housing Act and Section 3009a of the Housing and Economic Recovery Act of 2008 or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination, and being adjusted for household size but unadjusted for high housing costs.

"Closing Date" – The date of the execution and delivery of the Note, being on or about May ___, 2024.

"CNA" means a 20-year capital needs assessment or analysis of replacement reserve requirements, as further described in the CNA Policy.

"CNA Policy" means MOHCD's Policy for Capital Needs Assessment dated November 5, 2013, as it may be amended from time to time.

"Code" – The Internal Revenue Code of 1986, as in effect on the date of execution and delivery of the Note or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of the execution and delivery of the Note, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Completion Certificate" – The certificate of completion of the construction of the Project required to be executed by an Authorized Owner Representative and delivered to the City and the Funding Lender by the Owner pursuant to Section 2(e) of this Regulatory Agreement, which shall be substantially in the form attached to this Regulatory Agreement as Exhibit C.

"Completion Date" – The date of completion of the construction of the Project, as that date shall be certified as provided in Section 2 of this Regulatory Agreement.

"Controlling Person" – Shall have the meaning assigned to such term in the Funding Loan Agreement.

"Costs of Issuance" – The issuance costs for purposes of Section 147(g) of the Code incurred with respect to the issuance of the Tax-Exempt Note (as further defined in the Funding Loan Agreement) but does not include fees charged by the City with respect thereto (i.e., the issuance fee and the annual fee). In the event of a conflict between this definition and in the requirements of the Tax Certificate, the Tax Certificate shall control.

"CTCAC" – The California Tax Credit Allocation Committee.

"Declaration of Restrictions – Gap Loan" – The Declaration of Restrictions (2550 Irving), related to the Project and the Gap Loan, executed by the Owner.

"Facilities" – The multifamily buildings, structures and other improvements on the Site to be acquired, constructed, improved, rehabilitated and equipped, and all fixtures and other property owned by the Owner and located on the Site, or used in connection with, such buildings, structures and other improvements.

"Fiscal Agent" – U.S Bank, National Association and any successor Fiscal Agent under the Funding Loan Agreement.

"Funding Lender" has the meaning set forth in Recital C of this Regulatory Agreement.

"Funding Loan" has the meaning set forth in Recital C of this Regulatory Agreement.

"Funding Loan Agreement" has the meaning set forth in Recital C of this Regulatory Agreement.

"Gap Loan" – Collectively, the loans from the City to the Owner and evidenced by the Amended and Restated Loan Agreement City and County of San Francisco (2019 GO Bond, Condo Conversion, CPMC), dated as of [DATE], between the City and the Owner relating to the Project.

"General Partner" – 2550 Irving GP LLC, a California limited liability company, and/or any other Person that the partners of Owner, with the prior written approval of City, and the Funding Lender (to the extent required pursuant to the Loan Documents), have selected to be a general partner of Owner, and any successor general partner of the Owner, in each case to the extent permitted under the Loan Documents and hereunder.

"Ground Lease" – The Ground Lease Agreement, between the Owner, as lessee and the City, as the lessor, pursuant to which the City is leasing the Site to the Owner.

"HAP Contract" – The VASH program contract by and between the Owner and the Housing Authority relating to the Project.

"Housing Act" – 42 U.S.C. Section 1437, known as the United States Housing Act of 1937, as amended.

"Housing Authority" – The Housing Authority of the City and County of San Francisco and any of its successors.

"Housing Law" – Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as amended.

"HUD" – The United States Department of Housing and Urban Development, its successors and assigns.

"Income Certification Form" – A fully completed and executed Income Certification Form substantially in the form designated in Exhibit B, or such other form as may be provided by the City.

"Investor Limited Partner" – Collectively, Bank of America, N.A., a national banking association, and any successor or assignee that has been admitted as an investor limited partner of the Owner in accordance with the Partnership Agreement.

"Issuance Resolution" – The resolution adopted by the Board of Supervisors of the City on _____ __, 2024 and approved by the Mayor on _____ __, 2024, approving the issuance of the Notes to finance a portion of the Project.

"Life of the Project" means the period of time from completion of the Project and initial occupancy and thereafter for so long as the Project continues to operate as a multi-family residential project in accordance with the term hereof.

"Loan" – The Tax-Exempt Loan and the Taxable Loan.

"Low-Income Tenant" means any Tenant whose Adjusted Income does not exceed sixty percent (60%) of the lower of City Median Income or Median Income for the Area; provided, however, if all the occupants of a unit are students (as defined under Section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code or who fail to be described in Section 42(i)(3)(D) of the Code, such occupants shall not qualify as Low-Income Tenants. The determination of a Tenant's status as a Low-Income Tenant shall initially be made by the Owner on the basis of the Income Certification Form executed by the Tenant upon such Tenant's occupancy of a Restricted Unit in the Project and upon annual recertification thereafter. In determining if any Tenant is a Low-Income Tenant for purposes of any requirement of the City hereunder, the maximum Adjusted Income shall be based on the applicable percentage of the lower of the City Median Income or Median Income for the Area.

"Low-Income Unit" – A dwelling unit in the Project required to be rented to, or designated for occupancy by, Low-Income Tenants pursuant to Section 4 of this Regulatory Agreement.

"Median Income for the Area" – The median gross income for the Area, as determined in a manner consistent with determinations of area median gross income under Section 8 of the Housing Act and Section 3009(a) of the Housing and Economic Recovery Act of 2008 (Pub. L. 110-289, 122 Stat 2654) or, if said Section 8 is terminated, as prescribed pursuant to said Section 8 immediately prior to its termination or as otherwise required under Section 142 of the Code and the Act, including adjustments for household size and high housing cost area.

"MOHCD" – The City's Mayor's Office of Housing and Community Development.

"Notes" has the meaning set forth in Recital D of this Regulatory Agreement.

"Operational Rules" – The Operational Rules for San Francisco Housing Lotteries and Rental Lease Up Activities that are referenced in Exhibit I and incorporated herein.

"Owner" has the definition given to it in the introductory paragraph of this Regulatory Agreement.

"Partnership Agreement" – The Amended and Restated Agreement of Limited Partnership relating to Owner, by and between [the General Partner, the Investor Limited Partner, and Banc of America CDC Special Holding Company, Inc., a North Carolina corporation].

"Permitted Encumbrances" has the definition given to it in the Security Instrument.

"Person" means any individual, for-profit or not for profit corporation, partnership, joint venture, association, limited liability company, limited liability partnership, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Program Administrator" – A governmental agency, a financial institution, a certified public accountant, an apartment management firm, a mortgage insurance company or other business entity performing similar duties or otherwise experienced in the administration of restrictions on multifamily housing projects financed with bonds or notes, which shall be the City initially and, at the City's election, any other person or entity appointed by the City who shall enter into an administration agreement in a form acceptable to the City.

"Project" has the meaning set forth in Recital B of this Regulatory Agreement, including the Facilities and the Site.

"Project Costs" – To the extent authorized by the Code, the Regulations and the Act, any and all costs, fees and expenses incurred by the Owner associated with the acquisition, construction and equipping of the Project for use as affordable rental housing including but not limited to the cost of materials, appliances, equipment, and other items of tangible personal property, the fees and expenses of architects, contractors, engineers, attorneys, accountants, developers, surveyors, payment of capitalized interest, payment of certain costs and expenses incidental to the issuance of the Note and payment of any other costs shown on the Development Budget (as defined in the Funding Loan Agreement).

"Qualified Project Costs" – The Project Costs paid with respect to the Project Facilities that meet each of the following requirements: (i) the costs are properly chargeable to capital account (or would be so chargeable with a proper election by the Owner or but for a proper election by the Owner to deduct such costs) in accordance with general Federal income tax principles and in accordance with Regulations §1.103-8(a)(1), provided, however, that only such portion of interest accrued during rehabilitation or construction of the Project Facilities (in the case of rehabilitation, with respect to vacated units only) shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs; and provided further that interest accruing after the date of completion of the construction or rehabilitation of the Project Facilities shall not be a Qualified Project Cost; and provided still further that if any portion of the Project Facilities is being constructed or rehabilitated by an Affiliated Party or persons or entities treated as related to the Owner within the meaning of Sections 1504, 267 and 707 of the Code (whether as a general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out-of-pocket costs incurred by such Affiliated Party in constructing or rehabilitating the Project Facilities (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by the Affiliated Party, and (C) any overhead expenses incurred by the Affiliated Party which are directly attributable to the work performed on the Project Facilities, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the rehabilitation or construction of the Project Facilities or payments received by such Affiliated Party due to early completion of the Project Facilities (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of 60 days prior to the date of a declaration of "official intent" to reimburse costs paid with respect to the Project Facilities

(within the meaning of §1.150-2 of the United States Treasury Regulations) or the date of issue of the Tax-Exempt Note, and (iv) if the Project Costs were previously paid and are to be reimbursed with proceeds of the Tax-Exempt Note such costs were (A) costs of issuance of the Tax-Exempt Note, (B) preliminary capital expenditures (within the meaning of Regulations §1.150-2(f)(2)) with respect to the Project Facilities (such as architectural, engineering and soil testing services) incurred before commencement of acquisition or construction of the Project Facilities that do not exceed twenty percent (20%) of the issue price of the Tax-Exempt Note (as defined in Regulations §1.148-1), or (C) were capital expenditures with respect to the Project Facilities that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid or the date the rehabilitation of the Project Facilities is placed in service (but no later than three (3) years after the expenditure is paid). Qualified Project Costs do not include Costs of Issuance. In the event of any conflict between this definition and the requirements of the Tax Certificate, the Tax Certificate shall control.

"Qualified Project Period" – The period beginning on the later of the Closing Date or the first day on which at least ten percent (10%) of the units in the Project are first occupied, and ending on the later of the following:

(a) the date that is fifteen (15) years after the date on which at least fifty percent (50%) of the units in the Project are first occupied;

(b) the first date on which no Tax-Exempt private activity bonds or notes with respect to the Project are outstanding;

(c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates;

(d) the date that is the later of (i) seventy-five (75) years after the Closing Date or (ii) the end of the Life of the Project; provided, however, that if the Life of the Project is less than seventy-five (75) years due to casualty, then the end date of the Life of the Project controls; or

(e) such later date, if any, as may be provided in Section 5, Section 6 or Section 26 hereof.

"Qualified Tenant" – A Low-Income Tenant.

"Regulations" – The income tax regulations promulgated by the Internal Revenue Service or the United States Department of the Treasury pursuant to the Code from time to time.

"Regulatory Agreement" – This Regulatory Agreement and Declaration of Restrictive Covenants, together with any amendments hereto or supplements hereof.

"Restricted Unit" – A Low-Income Unit.

"Section 8" – Section 1437f of the Housing Act, unless explicitly referring to a section of this Regulatory Agreement (e.g., "Section 8 hereof").

"Security Instrument" – The Leasehold Construction Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing, dated as of the date hereof, executed by Owner in favor of the City, and assigned to the Funding Lender to secure the Funding Loan, encumbering the Project.

"Site" – The parcel or parcels of real property leased to the Owner by the City and described in Exhibit A, which is attached hereto, and all rights and appurtenances thereto.

"SSI" – Supplemental Security Income administered pursuant to P.L. 74-271, approved August 14, 1935, 49 Stat. 620, as now in effect and as it may from time to time hereafter be amended or supplemented.

"State" – The State of California.

"TANF" – The Temporary Assistance for Needy Families program administered pursuant to 42 U.S.C. Sections 601-687.

"Tax Certificate" – The Tax Exemption Certificate and Agreement, dated the Closing Date, among the City, the Owner and the Fiscal Agent.

"Tax Counsel" – An attorney or a firm of attorneys of nationally recognized standing in matters pertaining to the tax status of interest on bonds issued by states and their political subdivisions, who is selected by the City and duly admitted to the practice of law before the highest court of any state of the United States of America or the District of Columbia.

"Taxable Loan" – The loan of the proceeds of the Taxable Note made to the Owner pursuant to the Borrower Loan Agreement to provide financing for the acquisition and construction of the Project.

"Taxable Note" – City and County of San Francisco Multifamily Housing Revenue Note (2550 Irving), Series 2024C-2, issued pursuant to the Issuance Resolution and Funding Loan Agreement.

"Tax-Exempt" – With respect to the status of interest on the Tax-Exempt Note, the exclusion of interest thereon from gross income of the holder of the Tax-Exempt Note for federal income tax purposes pursuant to Section 103(a) of the Code (other than interest on any portion of the Note owned by a "substantial user" of the Project or a "related person" within the meaning of Section 147 of the Code).

"Tax-Exempt Loan" – The loan of the proceeds of the Tax-Exempt Note made to the Owner pursuant to the Borrower Loan Agreement to provide financing for the acquisition and construction of the Project.

"Tax-Exempt Note" – City and County of San Francisco Multifamily Housing Revenue Note (2550 Irving), Series 2024C-1, issued pursuant to the Issuance Resolution and Funding Loan Agreement.

"Tenant" – At any time of determination thereof, all persons who together occupy a single residential unit in the Project, and upon the occupancy of a unit by any individual in addition to the previous Tenant of such unit, such unit shall be deemed to be occupied by a new Tenant.

Unless the context clearly requires otherwise, as used in this Regulatory Agreement, words of the masculine, feminine or neuter gender used in this Regulatory Agreement shall be construed to include each other gender when appropriate and words of the singular number shall be construed to include the plural number, and vice versa, when appropriate. This Regulatory Agreement and all the terms and provisions hereof shall be construed to effectuate the purposes set forth herein and to sustain the validity hereof.

The defined terms used in the preamble and recitals of this Regulatory Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all defined terms shall be determined by reference to this Section 1 notwithstanding any contrary definition in the preamble or recitals hereof. The titles and headings of the sections of this Regulatory Agreement have been inserted for convenience of reference only, and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof or be considered or given any effect in construing this Regulatory Agreement or any provisions hereof or in ascertaining intent, if any question of intent shall arise.

2. Acquisition and Construction of the Project. The Owner hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Owner has incurred, or will incur within six (6) months after the Closing Date, a substantial binding obligation to a third party to commence the construction of the Project, pursuant to which the Owner is or will be obligated to expend at least the lesser of (i) five percent (5%) of the aggregate principal amount of the Tax-Exempt Note or (ii) $100,000 for the payment of Qualified Project Costs.

(b) The Owner's reasonable expectations respecting the total cost of the construction of the Project and the disbursement of proceeds of the Tax-Exempt Note are accurately set forth in the Tax Certificate, which has been delivered to the City on the Closing Date.

(c) The Owner will proceed with due diligence to complete the construction of the Project and expects to expend the maximum authorized amount of the Borrower Loan for Project Costs within three (3) years of the Closing Date.

(d) The Owner shall prepare and submit to the City a final allocation of the proceeds of the Tax-Exempt Note to the payment of Qualified Project Costs, which allocation shall be consistent with the cost certification (as defined in the Partnership Agreement) within sixty (60) days after the Completion Date, but in any event no later than the earlier of (1) eighteen (18) months from the placed in service date for the Project, (2) the Maturity Date with respect to the Funding Loan (as defined in the Funding Loan Agreement) or (3) the fifth anniversary of the Closing Date.

(e) No later than five (5) days after the Completion Date, the Owner will submit to the City and the Funding Lender a duly executed and completed Completion Certificate.

(f) On the date on which fifty percent (50%) of the units in the Project are first rented, the Owner will submit to the City and the Funding Lender a duly executed and completed Certificate as to Commencement of Qualified Project Period, in the form of Exhibit E attached hereto.

(g) Money on deposit in any fund or account in connection with the Tax-Exempt Note, whether or not such money was derived from other sources, shall not be used by or under the direction of the Owner in a manner which would cause the Tax-Exempt Note to be an "arbitrage bond" within the meaning of Section 148 of the Code, and the Owner specifically agrees that the investment of money in any such fund shall be restricted as may be necessary to prevent the Note from being an "arbitrage bond" under the Code.

(h) The Owner (and any person related to it within the meaning of Section 147(a)(2) of the Code) will not take or omit to take any action if such action or omission would in any way cause the proceeds from the sale of the Tax-Exempt Note to be applied in a manner contrary to the requirements of the Funding Loan Agreement, the Borrower Loan Agreement or this Regulatory Agreement.

(i) On or concurrently with the final draw by the Owner of amounts representing proceeds of the Tax-Exempt Note, the expenditure of such draw, when added to all previous disbursements representing proceeds of the Tax-Exempt Note, will result in not less than ninety-five percent (95%) of all disbursements of the proceeds of the Tax-Exempt Note having been used to pay or reimburse the Owner for Qualified Project Costs and less than twenty-five percent (25%) of all disbursements having been used to pay for the acquisition of land or any interest therein.

(j) The statements made in the various certificates to be delivered by the Owner to the City on the Closing Date in connection with the execution and delivery of the Note will be true and correct.

(k) All of the amounts received by the Owner from the proceeds of the Tax-Exempt Note and earnings from the investment of such proceeds will be used to pay Project Costs; and no more than two percent (2%) of the proceeds of the Tax-Exempt Note shall be used to pay Costs of Issuance of the Tax-Exempt Note.

(l) The Owner will not knowingly take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the Tax-Exempt status of the interest on the Tax-Exempt Note, and, if it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(m) The Owner will take such action or actions as may be necessary, in the written opinion of Tax Counsel to the City, to comply fully with the Act, the Code and all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service to the extent necessary to maintain the Tax-Exempt status of interest on the Tax-Exempt Note.

(n) No portion of the proceeds of the Tax-Exempt Note shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. No portion of the proceeds of the Tax-Exempt Note 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 of such office is not related to the day-to-day operations of the Project.

(o) In accordance with Section 147(b) of the Code, the average maturity of the Tax-Exempt Note does not exceed one hundred twenty percent (120%) of the average reasonably expected economic life of the facilities being financed by the Tax-Exempt Note.

3. Qualified Residential Rental Property. The Owner hereby acknowledges and agrees that the Project will be owned, managed and operated as a "qualified residential rental project" (within the meaning of Section 142(d) of the Code). The City hereby elects to have the Project meet the requirements of Section 142(d)(1)(B) of the Code and the Owner hereby elects and covenants to comply with Section 142(d)(1)(B) of the Code with respect to the Project. To that end, and for the term of this Regulatory Agreement, the Owner hereby represents, as of the date hereof, and covenants, warrants and agrees as follows:

(a) The Project is being acquired and constructed for the purpose of providing multifamily residential rental property, including certain facilities related thereto, and the Owner shall own, manage and operate the Project as a project to provide multifamily residential rental property comprised of a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with applicable provisions of Section 142(d) of the Code and Section 1.103-8(b) of the Regulations, and the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the residential dwelling units in the Project will be similarly constructed units, and, to the extent required by the Code and the Regulations, each residential dwelling unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range (which may be a countertop cooking range), refrigerator and sink.

(c) None of the residential dwelling units in the Project will at any time be used on a transient basis (e.g., subject to leases that are less than thirty (30) days in duration) (including use as a corporate suite), or be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, retirement house or trailer court or park.

(d) No part of the Project will at any time be owned as a condominium or by a cooperative housing corporation, nor shall the Owner take any steps in connection with a conversion to such ownership or uses. Other than obtaining a final subdivision map on the Project and a Final Subdivision Public Report from the California Department of Real Estate, the Owner shall not take any steps in connection with a conversion of the Project to a condominium

ownership except with the prior written opinion of Tax Counsel that the Tax-Exempt status of the interest on the Tax-Exempt Note will not be adversely affected thereby.

(e) All of the residential dwelling units in the Project will be available for rental on a continuous basis to members of the general public and the Owner will not give preference to any particular class or group in renting the residential dwelling units in the Project, except to the extent required by (i) this Regulatory Agreement, (ii) the Gap Loan and the Declaration of Restrictions – Gap Loan, (iii) the Ground Lease; (iv) any regulatory or restrictive use agreement to which the Project is or becomes subject pursuant to Section 42 of the Code, (v) any additional tenant income and rent restrictions imposed by the City, (vi) any other federal, State or local governmental agencies that imposes any additional tenant income and rent restrictions, and (vii) any other legal or contractual requirement not excepted by clauses (i) through (vi) of this subsection, upon receipt by the Owner, the Funding Lender and the City of an opinion of Tax Counsel to the effect that compliance with such other requirement will not adversely affect the Tax-Exempt status of interest on the Tax-Exempt Note.

(f) The Site consists of a parcel or parcels that are contiguous and all of the Facilities will comprise a single geographically and functionally integrated project for residential rental property (including the portions of the common areas allocated to the Project), as evidenced by the ownership, management, accounting and operation of the Project.

(g) No residential dwelling unit in the Project shall be occupied by the Owner. Notwithstanding the foregoing, if any building in the Project contains five (5) or more residential dwelling units, this subsection shall not be construed to prohibit occupancy of residential dwelling units in such building by one or more resident managers or maintenance personnel any of whom may be the Owner; provided that the number of such managers or maintenance personnel is not unreasonable given industry standards in the area for the number of residential dwelling units in the Project.

(h) The Owner shall not discriminate on the basis of race, creed, religion, color, sex, source of income (*e.g.*, TANF, Section 8 or SSI), physical disability (including HIV/AIDS), age, national origin, ancestry, marital or domestic partner status, sexual preference or gender identity in the rental, lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the construction, operation and management of the Project, except to the extent required hereby.

(i) Should involuntary noncompliance with the provisions of Section 1.103-8(b) of the Regulations be caused by fire, seizure, requisition, foreclosure, transfer of title by assignment of the leasehold interest in the Project in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the City from enforcing the requirements of the Code and the Regulations, or condemnation or similar event, the Owner covenants that, within a "reasonable period" determined in accordance with the Regulations, it will either prepay the Note or, if permitted under the provisions of the Security Instrument and the Funding Loan Agreement, apply any proceeds received as a result of any of the preceding events to reconstruct the Project to meet the requirements of Section 142(d) of the Code and the Regulations.

(j) The Owner agrees to maintain the Project, or cause the Project to be maintained, during the term of this Regulatory Agreement (i) in a reasonably safe condition and (ii) in good repair and in good operating condition, ordinary wear and tear excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof such that the Project shall be in substantially the same condition at all times as the condition it is in at the time of the completion of the construction of the Project with the proceeds of the Note. Notwithstanding the foregoing, the Owner's obligation to repair or rebuild the Project in the event of casualty or condemnation shall be subject to the terms of the Borrower Loan Agreement and the Security Instrument.

(k) The Project will have and continue to have ninety (90) residential dwelling units, one (1) of which will be a manager's unit.

(l) The Owner will not sell dwelling units within the Project.

4. Restricted Units. The Owner hereby represents, as of the date hereof, and warrants, covenants and agrees with respect to the Project as follows:

(a) Income and Rent Restrictions. In addition to the requirements of Section 5, hereof, the Owner with respect to the Project shall comply with the income and rent restrictions of this Section 4(a), and any conflict or overlap between any two (2) or more of such provisions shall be resolved in favor of the most restrictive of such provisions, that is, in favor of the lowest income and rent restriction.

(i) Reserved.

(ii) Moderate-Income Units. One hundred percent (100%) of the units must at all times be occupied by Qualified Tenants whose Adjusted Income does not exceed eighty-five percent (85%) of City Median Income. The monthly rent charged for all the Moderate Income Units shall not exceed one-twelfth of the amount obtained by multiplying 30% times 85% of City Median Income, less the utility allowance, provided however that the monthly rent charged for the Moderate Income Units receiving the VASH subsidy or LOSP Subsidy shall be as determined in accordance with the HAP Contract.

(iii) Additional City Restrictions. In addition to the above paragraph (a)(ii), all Restricted Units shall at all times be occupied, or held vacant and available for rental, as required by the Declaration of Restrictions – Gap Loan, except where otherwise expressly restricted or prohibited by any CDLAC Requirements.

(iv) Income Restrictions Pursuant to the Code. Pursuant to the requirements of Section 142(d) of the Code, for the Qualified Project Period, not less than forty percent (40%) of the total number of completed units in the Project or thirty-six (36) units, shall be designated as affordable units and during the Qualified Project Period shall be rented to and continuously occupied by Tenants whose Adjusted Income does not exceed sixty percent (60%) of the Median Income for the Area; provided, however, that if all the occupants of a unit are students (as defined under Section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code or who fail to be described in Section 42(i)(3)(D) of the Code, such occupants shall not be Qualified Tenants pursuant to this sentence. The Owner shall

satisfy the requirements of this Subsection 4(a)(iv) by complying with the requirements of Subsection 4(a)(ii), as applicable, to the extent such compliance meets the requirements of Section 142(d)(1)(B) of the Code.

(v) Income and Rent Restrictions Pursuant to the Housing Law. Pursuant to the requirements of Section 52080(a)(1)(B) of the Housing Law, for the Qualified Project Period, not less than forty percent (40%) of the total number of completed units in the Project, or thirty (30) units, shall be designated as affordable units and during the Qualified Project Period shall be rented to and continuously occupied by Tenants whose Adjusted Income does not exceed sixty percent (60%) of the lower City Median Income or Median Income for the Area; provided, however, that if all the occupants of a unit are students (as defined under Section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code or who fail to be described in Section 42(i)(3)(D) of the Code, such occupants shall not be Qualified Tenants pursuant to this sentence. Pursuant to the requirements of Section 52080(a)(1)(B) of the Housing Law, the monthly rent charged for such units shall not exceed (a) one-twelfth ($1/12^{th}$) of the amount obtained by multiplying thirty percent (30%) times sixty percent (60%) of the Median Income for the Area (excluding any supplemental rental assistance from the State, the Federal government, or any other public agency to those occupants or on behalf of those units), (b) less the utility allowance. The Owner shall satisfy the requirements of this Subsection 4(a)(v) by complying with the requirements of Subsection 4(a)(ii), as applicable, to the extent such compliance meets the requirements of Section 52080(a)(1)(B) of the Housing Law.

(vi) CDLAC Requirements. To the extent the income and rent restrictions contained in the CDLAC Requirements are more restrictive than any of the foregoing requirements, the Owner shall comply with the CDLAC Requirements.

(vii) Income and Rent Restrictions in Event of Loss of Subsidy. If any VASH rental subsidy or LOSP subsidy related to the Project is terminated or substantially reduced, the occupancy and rent restrictions set forth in Subsections 4(a)(ii) may be altered, but only to the minimum extent required for the financial feasibility of the Project, as determined by the City in its reasonable discretion in accordance with substantially similar underwriting criteria used by the City to evaluate the Project's financial feasibility prior to the Closing Date, provided that, the Owner first obtains and delivers to the Fiscal Agent and the City an opinion of Tax Counsel, acceptable to the City in its sole discretion, to the effect that such alteration would not adversely affect any exclusion of interest on the Tax-Exempt Note from gross income for federal tax purposes. To the extent financially feasible, as mutually determined by the parties, any such rent increase will be limited to (or will be first implemented with) any vacant units. In such event, the City shall use good faith efforts to meet with Owner, within fifteen (15) business days after Owner's written request to meet, in order to determine the amount of any rent increase. The relief provided by this section shall not be construed as authorizing the Owner to exceed any income or rent restrictions imposed on the Project by CDLAC, CTCAC or other agreements, and the Owner represents and warrants that it shall have obtained any necessary approvals or relief from any other applicable income and rent limitations (including without limitation the Declaration of Restrictions – Gap Loan) prior to implementing the relief provided by this Section 4(a)(vii).

(viii) Income and Rent Restrictions in the Event of Foreclosure. In the event of foreclosure, the occupancy and rent restrictions set forth in Subsection 4(a)(ii) may be

altered, but only to the minimum extent required for the financial feasibility of the Project, as determined by the City in its reasonable discretion in accordance with substantially similar underwriting criteria used by the City to evaluate the Project's financial feasibility prior to the Closing Date, provided that, in any event, one hundred percent (100%) of the units formerly restricted under this Regulatory Agreement, as applicable, must at all times be occupied by Qualified Tenants whose Adjusted Income does not exceed eighty-five percent (85%) of City Median Income for the Area and the monthly rent paid by the Qualified Tenants may not exceed (a) thirty percent (30%) of eighty-five percent (85%) of City Median Income for the Area, and provided, further, the Owner first obtains and delivers to the Fiscal Agent and the City an opinion of Tax Counsel, acceptable to the City in its sole discretion, to the effect that such alteration would not adversely affect any exclusion of interest on the Tax-Exempt Note from gross income for federal tax purposes or the CDLAC Resolution, as applicable. To the extent financially feasible, as mutually determined by the parties, any such rent increase will be limited to (or will be first implemented with) any vacant units. In such event, the City shall use good faith efforts to meet with Owner, within fifteen (15) business days after Owner's written request to meet, in order to determine the amount of any rent increase. The relief provided by this section shall not be construed as authorizing the Owner to exceed any income or rent restrictions imposed on the Project by CDLAC, CTCAC or other agreements, and the Owner represents and warrants that it shall have obtained any necessary approvals or relief from any other applicable income and rent limitations (including without limitation the Declaration of Restrictions – Gap Loan) prior to implementing the relief provided by this Section 4(a)(viii).

(ix) Restricted Units. Because all of the units in the Project (except for the manager's unit) are required to be Restricted Units pursuant to Section 4(a) hereof, any Available Unit must be rented to or held vacant for a Low Income Tenant or Moderate Income Tenant, subject to any adjustments allowed under this Section 4.

For the avoidance of doubt, the requirements of any subparagraph of this Section 4(a) shall not be construed to replace, obviate, diminish or abrogate any other applicable legal or contractual requirement, including the other requirements of this Section 4, the Declaration of Restrictions – Gap Loan, the requirements of any other governmental authority, or the requirements of any applicable ordinance, regulation, law or court order; provided, however, it is expressly agreed that the requirements of any subparagraph of this Section 4(a) may be satisfied simultaneously with any or all of the aforesaid other requirements, such that the satisfaction of a more restrictive requirement shall be deemed to satisfy simultaneously any less restrictive requirement of the same subject.

(b) Over-Income Tenants. Notwithstanding the foregoing provisions of Section 4(a), no Tenant who satisfies the applicable income limit for a Restricted Unit upon initial occupancy shall be denied continued occupancy of a Restricted Unit in the Project because, after admission, the aggregate Adjusted Income of all Tenants in the Restricted Unit increases to exceed the qualifying limit for such Restricted Unit.

(c) Income Certifications. The Owner will obtain, complete and maintain on file Income Certification Forms for each Tenant (i) immediately prior to the initial occupancy of a Restricted Unit by such Tenant, and (ii) thereafter, annually, in each case in the form attached hereto as Exhibit B, together with such information, documentation and certifications as are

required therein or by the City, in its discretion, to substantiate the Tenant's income. In addition, the Owner will provide such further information as may be required in the future by the State, CDLAC, the City (on a reasonable basis), the Program Administrator and by the Act, Section 142(d) of the Code or the Regulations, as the same may be amended from time to time, and in such other form and manner as may be required by applicable rules, rulings, policies, procedures or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code.

(d) Certificate of Continuing Program Compliance. Upon the commencement of the Qualified Project Period, and on each February 1st thereafter (or such other date as shall be requested in writing by the City or the Program Administrator) during the term of this Regulatory Agreement, the Owner shall advise the Program Administrator of the status of the occupancy of the Project by delivering to the Program Administrator (with a copy to the Fiscal Agent) an executed Certificate of Continuing Program Compliance (in the form of that which is attached hereto as Exhibit D). The Owner shall also timely provide to the City such information as is requested by the City to comply with any reporting requirements applicable to it with respect to the Note or the Project under any federal or State law or regulation, including without limitation, CDLAC regulations (Division 9.5 of Title 4 of the California Code of Regulations).

(e) Recordkeeping. The Owner will maintain complete and accurate records pertaining to the Restricted Units, and will permit any duly authorized representative of the City, the Program Administrator (if other than the City), the Fiscal Agent, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Owner pertaining to the Project upon reasonable notice during normal business hours, including those records pertaining to the occupancy of the Restricted Units, but specifically excluding any material which may be legally privileged.

(f) Annual Certification to Secretary of Treasury. The Owner shall submit to the Secretary of the Treasury annually on or before March 31 of each year, or such other date as is required by the Secretary of the Treasury, a completed Internal Revenue Service Form 8703, and shall provide a copy of each such form to the Program Administrator and the Fiscal Agent. Failure to comply with the provisions of this Subsection will subject the Owner to penalty, as provided in Section 6652(j) of the Code.

(g) Lease Provisions Regarding Income Certification Reliance. All leases pertaining to Restricted Units do and shall contain clauses, among others, wherein each Tenant who occupies a Restricted Unit: (i) certifies the accuracy of the statements made in the Income Certification Form, (ii) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of the tenancy of such Tenant, that such Tenant will comply promptly with all requests for information with respect thereto from the Owner or the Program Administrator on behalf of the City, and that the failure to provide accurate information in the Income Certification Form or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy of such Tenant; (iii) acknowledges that the Owner has relied on the Income Certification Form and supporting information supplied by the Tenant in determining qualification for occupancy of the Restricted Unit, and that any material misstatement in such certification (whether or not intentional) will be

cause for immediate termination of such lease or rental agreement; and (iv) agrees that the Tenant's income is subject to annual certification in accordance with Subsection 4(c) hereof and that failure to cooperate with the annual recertification process reasonably instituted by the Owner pursuant to Subsection 4(c) above may provide grounds for termination of the lease.

(h) Maintenance of Tenant Lists and Applications. All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business which is unrelated to the Project and shall be maintained, as required from time to time by the Program Administrator on behalf of the City, in a reasonable condition for proper audit and subject to examination during normal business hours by representatives of the City or the Fiscal Agent. Failure to keep such lists and applications or to make them available to the City or the Fiscal Agent shall be a default hereunder.

(i) Tenant Lease Subordination. All tenant leases or rental agreements shall be subordinate to this Regulatory Agreement.

(j) No Encumbrance, Demolition or Non-Rental Residential Use. The Owner shall not take any of the following actions:

(i) Except for the Permitted Encumbrances or as otherwise previously approved by the City, encumber any portion of the Project or grant commercial leases or subleases of any part thereof, or permit the conveyance, transfer or encumbrance of any part of the Project (except for apartment leases), except (a) pursuant to the provisions of this Regulatory Agreement and on a basis subordinate to the provisions of this Regulatory Agreement, to the extent applicable, (b) upon receipt by the Owner, the Fiscal Agent and the City of an opinion of Tax Counsel that such action will not adversely affect the Tax-Exempt status of interest on the Tax-Exempt Note, or (c) upon a sale, transfer or other disposition of the Project in accordance with the terms of this Regulatory Agreement;

(ii) demolish any part of the Project or substantially subtract from any real or personal property of the Project (other than in the ordinary course of business); or

(iii) permit the use of the dwelling accommodations of the Project for any purpose except rental residences.

(k) Compliance with Regulatory Agreement. The Owner shall exercise reasonable diligence to comply, or cause compliance, with the requirements of this Regulatory Agreement and shall notify the City within fifteen (15) days and correct any noncompliance within sixty (60) days after such noncompliance is first discovered by the Owner or would have been discovered by the exercise of reasonable diligence, unless such noncompliance is not reasonably susceptible to correction within sixty (60) days and, in the opinion of Tax Counsel acceptable to the City, in its sole discretion, such noncompliance would not have an adverse effect on any exclusion of interest on the Tax-Exempt Note from gross income for federal income tax purposes, in which event the Owner shall have such additional time as the City determines to be reasonably necessary to effect such correction provided the Owner has commenced such correction after discovery, is diligently prosecuting such correction and is keeping the City updated on the progress.

5. Additional Requirements of the City.

(a) Minimum Lease Term. The term of the lease for any Restricted Unit shall not be less than one (1) year.

(b) Limitation on Rent Increases. Annual rent increases on a Restricted Unit shall be limited to the percentage of the annual increase in the lower of City Median Income or Median Income for the Area, as applicable. Rent increases which are permitted but not made in a given year may not be carried forward and made in any subsequent year. Notwithstanding the foregoing, any Restricted Unit that benefits from a VASH rental subsidy shall not be subject to the limitations set forth in this Section 5(b), but rather shall be subject to the restrictions established by the San Francisco Housing Authority.

(c) Appointment of Program Administrator. The Owner acknowledges that the City may appoint a Program Administrator (other than the City), at the sole cost and expense of the City, to administer this Regulatory Agreement and to monitor performance by the Owner of the terms, provisions and requirements hereof. In such event, the Owner shall comply with any reasonable request by the City and the Program Administrator to deliver to any such Program Administrator, in addition to or instead of the City, any reports, notices or other documents required to be delivered pursuant hereto, and to make the Project and the books and records with respect thereto available for inspection during normal business hours with reasonable notice by the Program Administrator as an agent of the City. The City may change the Program Administrator at its sole and exclusive discretion. The Owner shall have the right to rely on any consent or direction given by the Program Administrator on the same basis as if given by the City.

(d) Management Agent. The Owner shall not enter into any agreement providing for the management or operation of the Project with any party other than Tenderloin Neighborhood Development Corporation without the prior written consent of the City, which consent shall not be unreasonably withheld or delayed.

(e) Certificate of Preference Program. To the fullest extent permitted by law, the Owner shall comply with the City's Certificate of Preference Program pursuant to San Francisco Administrative Code Section 24.8 and the Operational Rules referenced in Exhibit I, to the extent such compliance is not in conflict with any other requirements imposed on the Project pursuant to the Gap Loan, Sections 42 and 142(d) of the Code, the Act, the Gap Loan, the CDLAC Resolution, CTCAC requirements or other applicable Federal or State law.

(f) Nondiscrimination Based on Section 8, Household Size, or Source of Income. The Owner shall accept as Tenants, on the same basis as all other prospective Tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act, or any successor program or similar federal State or local governmental assistance program. The Owner shall not apply selection criteria to Section 8 certificate or voucher holders that are more burdensome than criteria applied to all other prospective tenants and the Owner shall not refuse to rent to any tenant on the basis of household size as long as such household size does not exceed two (2) persons for a studio unit; three (3) persons for a one-bedroom unit; five (5) persons for a two-bedroom unit and seven (7) persons for a three-bedroom unit. The Owner shall not collect any additional fees or payments from such

a tenant except security deposits or other deposits required of all Tenants. The Owner shall not collect security deposits or other deposits from Section 8 certificate or voucher holders in excess of that allowed under the Section 8 program. The Owner shall not discriminate against Tenant applicants on the basis of legal source of income (e.g., TANF, Section 8 or SSI). Further, Owner shall comply with all notice provisions set forth in the Housing Act prior to terminating any lease to which any Tenant is a party. The Owner acknowledges that (i) federal notice requirements under the Housing Act are distinct from those under State law or City law and the Owner shall comply with all Federal, State and local laws in connection with any such notice requirements, and (ii) compliance with the law of one jurisdiction shall not be deemed compliance with the laws of all jurisdictions.

(g) Income Provisions after Expiration of Qualified Project Period. Notwithstanding the provisions of Subsection 6(f), the parties agree, from and after the expiration of the Qualified Project Period, (i) that Subsection 6(f)(i) shall not apply and (ii) that units reserved for occupancy as required by Subsection 4(a)(v) shall remain available to any eligible Tenant occupying as Restricted Unit at the date of such expiration or termination, at the rent determined by Subsection 4(a)(v), and such expiration or termination shall not be the cause for termination of a Tenant's tenancy in a Restricted Unit except as expressly provided in Subsection 6(f)(ii), Subsection 6(f)(iii), except that the reference to 30 years shall be seventy-five (75) years, and Subsection 6(f)(iv).

(h) Consideration for Restrictions. It is hereby acknowledged and agreed that any restrictions imposed on the operation of the Project herein and which are in addition to those imposed pursuant to Section 142(d) of the Code or the Act are voluntarily agreed to by the Owner in consideration of financial assistance from the City and an allocation of private activity bond volume cap from CDLAC.

(i) Amendment or Waiver by City; Conflicting Provisions. The requirements of Subsection 4(a)(ii) and of Section 5 hereof may be amended, modified or waived (but not increased or made more onerous), at the City's sole discretion, by written amendment signed by the City and the Owner, or expressly waived by the City in writing, but no such waiver by the City shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement except to the extent the City and the Fiscal Agent have received an opinion of Tax Counsel to the effect that any such provision is not required by the Code or the Act and may be waived without adversely affecting the Tax-Exempt status of interest on the Tax-Exempt Note. Any requirement of Subsection 4(a)(ii) or Section 5 shall be void and of no force and effect if the City, the Fiscal Agent and the Owner receive a written opinion of Tax Counsel to the effect that compliance with such requirement would be in conflict with the Act or any other applicable state or federal law.

(j) Extension of Qualified Project Period. Notwithstanding any other provision herein, the Qualified Project Period shall not expire earlier than, and the requirements of this Section 5 shall be in effect until the date that is the later of (i) seventy-five (75) years from the Closing Date or (ii) the end of the Life of the Project, provided, however, that if the Life of the Project is less than 75 years due to casualty, then the term of the Life of the Project controls; provided that certain provisions of this Section 5 shall survive and remain in full force and effect following the end of the Qualified Project Period, as specified in Section 11 hereof.

(k) Marketing and Tenant Selection Plan. Owner will market the Restricted Units in accordance with the Marketing and Tenant Selection Plan approved by the City, which shall be substantially in the form referred to in Exhibit J, as may be updated by the City from time to time.

(l) Annual Reporting. Owner must file with the City annual reports (the "Annual Monitoring Report") no later than one hundred twenty (120) days after the end of Owner's fiscal year. The Annual Monitoring Report must be in substantially the form referenced in Exhibit H, as may be updated by the City from time to time. Thereafter and for the remainder of the Life of the Project, the Owner shall maintain sufficient records of the information generally requested in the Annual Monitoring Report.

(m) Capital Needs Assessment. Owner must file with the City a CNA every five (5) years, with the initial CNA due 5 years from the Completion Date. The CNA must be in the form referenced in Exhibit H, as may be updated or revised by the City from time to time.

6. Additional Requirements of State Law. In addition to the requirements set forth herein, pursuant to Section 52080 of the Housing Law, the Owner hereby agrees that it shall also comply with each of the following requirements, in each case, for the Term of this Regulatory Agreement, including the following:

(a) Tenants Under Section 8 of the Housing Act. The Owner shall accept as Tenants, on the same basis as all other prospective Tenants, low-income persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing program under Section 8 of the Housing Act, and shall not permit any selection criteria to be applied to Section 8 certificate or voucher holders that is more burdensome than the criteria applied to all other prospective tenants.

(b) Availability on Priority Basis. The Restricted Units shall remain available on a priority basis for occupancy at all times by Qualified Tenants.

(c) Binding Covenants and Conditions. The covenants and conditions of this Regulatory Agreement shall be binding upon successors in interest of the Owner.

(d) Recordation of Regulatory Agreement. This Regulatory Agreement shall be recorded in the office of the county recorder of the City and County of San Francisco, California, and shall be recorded in the grantor-grantee index under the name of the Owner as grantor and to the name of the City as grantee.

(e) Restricted Income Units of Comparable Quality. The Restricted Units shall be of comparable quality and offer a range of sizes and number of bedrooms comparable to those units which are available to other tenants and shall be distributed throughout the Project. Notwithstanding the foregoing, the parties agree that this Section 6(e) shall have no practical effect because one hundred percent (100%) of the units in the Project (except the one manager unit) are required to be Restricted Units pursuant to Section 4(a).

(f) Availability Following Expiration of Qualified Project Period. Following the expiration or termination of the Qualified Project Period, except in the event of foreclosure

and redemption of the Note, assignment of the leasehold interest in the Project in lieu of foreclosure, eminent domain, or action of a federal agency preventing enforcement, units reserved for occupancy as required by Subsection 4(a)(v) shall remain available to any eligible Tenant occupying a Restricted Unit at the date of such expiration or termination, at the rent determined by Subsection 4(a)(v), until the earliest of (i) the household's income exceeds one hundred-forty percent (140%) of the maximum eligible income specified therein (except as otherwise specified in Subsection 5(g,), (ii) the household voluntarily moves or is evicted for good cause, as defined in the Housing Law, (iii) thirty (30) years after the date of the ccommencement of the Qualified Project Period except as otherwise specified in Subsection 5(g)), and (iv) the Owner pays the relocation assistance and benefits to households if required by, and as provided in, Section 7264(b) of the California Government Code.

(g) Availability Preceding Expiration of Qualified Project Period. During the three (3) years prior to the expiration of the Qualified Project Period, the Owner shall continue to make available to Qualified Tenants Restricted Units that have been vacated to the same extent that non-Restricted Units, if any, are made available to non-eligible households. Nothing in this Subsection 6(g) or 6(f) shall be interpreted to require the City to monitor Owner's compliance herewith or with Subsection 6(f).

(h) Notice and Other Requirements. The Owner shall comply with all applicable requirements of Section 65863.10 of the California Government Code, including the requirements for providing notices in Sections (b), (c), (d) and (e) thereof, and shall comply with all applicable requirements of Section 65863.11 of the California Government Code.

(i) Syndication of the Project. As provided in Section 52080(e) of the Housing Law, the City hereby approves the syndication of tax credits with respect to the Project, pursuant to Section 42 of the Code, to the Investor Limited Partner, or any affiliate thereof or successor thereto, pursuant to the terms of the Partnership Agreement. Any subsequent syndication of tax credits with respect to the Project to an affiliate of the Investor Limited Partner shall not require the prior written approval of the City if the Partnership Agreement will not be amended, modified or supplemented in connection with such syndication except to reflect such transfer of limited partnership interests and other non-material corrections or adjustments; provided, however, that the Owner shall provide to the City, at least five (5) business days prior to the effective date of any such syndication, written notice of such subsequent syndication certifying that no other amendment, modification or supplement to the Partnership Agreement will be effected in connection with such syndication except to the limited extent necessary to reflect such syndication, together with copies of any assignments of limited partnership interests and any other syndication documents. Any other syndication of the Project shall be subject to the prior written approval of the Director of MOHCD, which approval shall be granted only after the City determines that the terms and conditions of such syndication (i) shall not reduce or limit any of the requirements of the Act or regulations adopted or documents executed pursuant to the Act, (ii) shall not cause any of the requirements of the City set forth in this Section 6 to be subordinated to the syndication agreement, and (iii) shall not result in the provision of fewer Restricted Units, or the reduction of any benefits or services, than were in existence prior to the syndication agreement.

7. Indemnification. The Owner hereby releases the City (which includes MOHCD), the Fiscal Agent and the Funding Lender and their respective officers, members, directors, officials and employees from, and covenants and agrees, to the fullest extent permitted by law, to indemnify, hold harmless and defend the City, the Fiscal Agent, the Funding Lender and the officers, members, directors, officials, agents and employees of each of them (collectively, the "Indemnified Parties," and each an "Indemnified Party") from and against any and all claims, losses, costs, damages, demands, expenses, taxes, suits, judgments, actions and liabilities of whatever nature, joint and several (including, without limitation, costs of investigation, reasonable attorneys' fees and expenses, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments), directly or indirectly (a) by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated hereby or otherwise in connection with the Project, the Borrower Loan or the Note, or the execution or amendment of any document relating thereto; (b) arising from any cause whatsoever in connection with the approval of financing for the Project or the making of the Borrower Loan, the Funding Loan or otherwise, including without limitation, any advances of the Borrower Loan or Funding Loan or any failure of the Funding Lender to make any advance thereunder; (c) arising from any act or omission of the Owner or any of its agents, servants, employees or licensees, in connection with the Borrower Loan or the Project; (d) arising in connection with the issuance and sale, resale or reissuance of any note or bond, including any secondary market transaction with respect thereto, or any certifications or representations made by any person other than the City or the party seeking indemnification in connection therewith and the carrying out by the Owner of any of the transactions contemplated by the Borrower Loan Agreement, the Funding Loan Agreement and this Regulatory Agreement; (e) arising in connection with the operation and management of the Project, or the conditions, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation, or construction of, the Project or any part thereof; and (f) arising out of or in connection with the exercise by the City, the Funding Lender or the Fiscal Agent of their powers or duties under the Borrower Loan Agreement, the Funding Loan Agreement, this Regulatory Agreement or any other agreements in connection therewith to which either of them is a party or assignee; provided, however, that this provision shall not require the Owner to indemnify (i) the Funding Lender from any claims, costs, fees, expenses or liabilities arising from the negligence or willful misconduct of the Funding Lender or (ii) the City for any claims, costs, fees, expenses or liabilities arising solely from the willful misconduct of the City. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Owner, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the engagement of counsel selected by the Indemnified Party (which may include the City Attorney of the City); and the Owner shall assume the payment of all reasonable fees and expenses related thereto (provided however that if the Indemnified Party is the City, the selection of the counsel rests in the sole discretion of the City Attorney and the Owner shall assume the payment of all attorneys' fees and expenses related thereto), with full power to litigate, compromise or settle the same in its discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Notwithstanding the foregoing, no indemnification obligation shall give rise to an obligation to pay principal and interest on the Loan, which is not otherwise set forth in the Funding Loan Agreement, the Borrower Loan Agreement, the Note or any other agreement relating to the Note.

Additionally, the Owner also shall, to the fullest extent permitted by law, pay and discharge and shall indemnify and hold harmless the City, the Funding Lender, and the Fiscal Agent from (i) any lien or charge upon payments by the Owner to the City, the Funding Lender, and the Fiscal Agent hereunder and (ii) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Project. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the City, the Funding Lender, or the Fiscal Agent shall give prompt notice to the Owner, and the Owner shall have the sole right and duty to assume, and will assume, the defense thereof, including the engagement of counsel approved by the Indemnified Party and the payments of all reasonable fees and expenses related thereto (provided that if the Indemnified Party is the City, the selection of counsel (which may be or include the City Attorney of the City) rests in the sole discretion of the City Attorney) and the Owner shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. If a potential conflict exists between the Owner's defense and the interests of an Indemnified Party, then such Indemnified Party shall have the right to engage separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Owner shall pay the reasonable fees and expenses (and in the case of the City, all such fees and expenses) of such separate counsel.

Notwithstanding any transfer of the Project to another Owner in accordance with the provisions of Section 10 of this Regulatory Agreement, the Owner shall remain obligated to indemnify the City pursuant to this Section 7 if such subsequent Owner fails to so indemnify the City, unless at the time of transfer the City has consented to the transfer to the extent such consent is required hereunder.

The provisions of this Section 7 shall survive the term of the Note and this Regulatory Agreement, including the termination of this Regulatory Agreement pursuant to the second paragraph of Section 11 hereof and the earlier removal or resignation of the Fiscal Agent.

The obligations of the Owner under this Section are independent of any other contractual obligation of the Owner to provide indemnity to the Indemnified Parties or otherwise, and the obligation of the Owner to provide indemnity hereunder shall not be interpreted, construed or limited in light of any other separate indemnification obligation of the Owner. The Indemnified Parties shall be entitled simultaneously to seek indemnity under this Section and any other provision under which they are entitled to indemnification.

In addition thereto, the Owner will pay upon demand all of the fees and expenses paid or incurred by the Indemnified Parties in enforcing the provisions hereof.

8. Consideration. The City has issued the Note and made the Loan to provide funds for the purpose of financing the Project, all for the purpose, among others, of inducing the Owner to acquire, construct, equip and operate the Project. In consideration of the making of the Borrower Loan by the City, the Owner has entered into this Regulatory Agreement and has agreed to restrict the use of the Project on the terms and conditions set forth herein.

9. Reliance. The City and the Owner hereby recognize and agree that the representations, warranties, covenants and agreements set forth herein may be relied upon by all persons interested in the legality and validity of the Note, and in the Tax-Exempt status of the interest on the Tax-Exempt Note. In performing its duties and obligations hereunder, the City may rely upon statements and certificates of the Owner and the Tenants, and upon audits of the books and records of the Owner pertaining to the Project. In addition, the City may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the City hereunder in good faith and in conformity with such opinion

10. Sale or Transfer of the Project. The Owner intends to hold the Project for its own account, has no current plans to sell, transfer or otherwise dispose of the Project (except in accordance with the purchase option agreement and the right of first refusal agreement as each are described in the Partnership Agreement), and, except as otherwise provided herein, hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated hereunder and/or pursuant to the aforementioned purchase option agreement and right of first refusal agreement) or interest therein, including any interest in the Owner, without obtaining the prior written consent of the City, which consent shall not be unreasonably withheld, and receipt by the City of (i) evidence satisfactory to the City that the Owner's purchaser or transferee has assumed in writing and in full, the Owner's duties and obligations under this Regulatory Agreement, (ii) an opinion of counsel of the transferee that the transferee has duly assumed the obligations of the Owner under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee, (iii) evidence acceptable to the City that either (A) the purchaser or assignee has experience in the ownership, operation and management of rental housing projects in the City such as the Project without any record of material violations of discrimination restrictions or other state or federal laws or regulations applicable to such projects, or (B) the purchaser or assignee agrees to retain a property management firm with the experience and record described in subparagraph (A) above or (C) if the purchaser or assignee does not have management experience, the City may cause the Program Administrator to provide on-site training in program compliance if the City determines such training is necessary, (iv) evidence satisfactory to the City that no event of default exists under this Regulatory Agreement, the Borrower Loan Agreement or any document related to the Borrower Loan, and payment of all fees and expenses of the City and the Fiscal Agent due under any of such documents is current, and (v) an opinion of Tax Counsel to the effect that such transfer will not, in itself, cause interest on the Tax-Exempt Note to become includable in the gross income of the recipients thereof for federal income tax purposes except to the extent held by a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code. It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 10 shall be null, void and without effect, shall cause a reversion of title to the Owner, and shall be ineffective to relieve the Owner of its obligations under this Regulatory Agreement. Nothing in this Section 10 shall affect any provision of any other document or instrument between the Owner and any other party which requires the Owner to obtain the prior written consent of such other party in order to sell, transfer or otherwise dispose of the Project. Not less than sixty (60) days prior to consummating any sale, transfer or disposition of any interest in the Project, the Owner shall deliver to the City a notice in writing explaining the nature of the proposed transfer and providing relevant information regarding the proposed transfer.

Notwithstanding the foregoing, the provisions of this Section 10 shall not apply to the granting of the Security Instrument (or the exercise of remedies thereunder following an uncured event of default) or transfer of all or any portion of (a) the limited partner interest of the Investor Limited Partner in the Owner (which is instead subject to paragraph (i) of Section 6), (b) the General Partner interest to an affiliate of the General Partner or Investor Limited Partner if Investor Limited Partner has removed and replaced the General Partner for cause pursuant to the Partnership Agreement, or (c) the transfer of any non-managing member or limited partner interest in the Investor Limited Partner; provided however that such grant, exercise or transfer will not adversely affect the Tax-Exempt status of the interest on the Note or the exemption from State personal income taxation of the interest on the Note. Notwithstanding the foregoing sentence, promptly upon the occurrence of any of such transfer, grant, or exercise of remedies under the Security Interest (including, but not limited to a foreclosure), the transferee or subsequent owner shall provide to the City evidence satisfactory to the City that such transferee or new owner has acknowledged in writing, and in full, that the duties and obligations of the "Owner" under Sections 3, 4 and 5 of this Regulatory Agreement and any provisions thereof relating to the enforcement of such provisions or remedies resulting from any breach thereof shall survive and continue to constitute an encumbrance on the Project.

11. Term. Subject to the following paragraph of this Section 11, Section 7 hereof and to any other provision expressly agreed herein to survive the termination of this Regulatory Agreement, this Regulatory Agreement and all of the terms hereof shall become effective upon its execution and delivery and shall remain in full force and effect until the later of (a) the end of the Qualified Project Period or (b) seventy-five (75) years after the date on which at least fifty percent (50%) of the units in the Project are first occupied.

The terms of this Regulatory Agreement to the contrary notwithstanding, this Regulatory Agreement shall terminate and be of no further force and effect in the event of (i) involuntary noncompliance with the provisions of this Regulatory Agreement caused by events such as fire, seizure, requisition, change in a federal law or an action of a federal agency after the Closing Date, which prevents the City from enforcing such provisions, or (ii) foreclosure, exercise of power of sale, transfer of title by assignment of the leasehold interest in the Project in lieu of foreclosure, or condemnation or a similar event, but only if, in case of the events described in either clause (i) or (ii) above within a reasonable period, either the Note is paid in full or cancelled or amounts received as a consequence of such event are used to provide a project that meets the requirements hereof; provided, however, that the preceding provisions of this sentence shall cease to apply and the restrictions contained herein shall be reinstated if, at any time subsequent to the termination of such provisions as the result of the foreclosure, exercise of power of sale, or the delivery of an assignment of the leasehold interest in the Project in lieu of foreclosure or a similar event, the Owner or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for federal income tax purposes. The Owner hereby agrees that, following any foreclosure, exercise of power of sale, transfer of title by assignment of the leasehold interest in the Project in lieu of foreclosure or similar event, neither the Owner nor any such related person as described above will obtain an ownership interest in the Project for federal tax purposes. The Owner shall provide written notice of any termination of this Regulatory Agreement to the City in the event of the occurrence of any of the events described herein above. Notwithstanding the preceding provisions of this Section, Owner agrees that Sections 3, 4 and 5 of this Regulatory Agreement (and any provisions relating to the enforcement of such provisions

or remedies resulting from any breach thereof) shall survive the termination of this Regulatory Agreement pursuant to the preceding provisions of this paragraph and remain in full force and effect until the end of the Qualified Project Period.

Notwithstanding any other provisions of this Regulatory Agreement to the contrary, this entire Regulatory Agreement, or any of the provisions or sections hereof, may be terminated upon agreement by the City and the Owner subject to compliance with any of the provisions contained in this Regulatory Agreement only if there shall have been received by the City an opinion of Tax Counsel that such termination will not adversely affect the Tax-Exempt status of the interest on the Tax-Exempt Note or the exemption from State personal income taxation of the interest on the Note. The Owner shall provide written notice of any termination of this Regulatory Agreement to the City in the event of the occurrence of any of the events described herein above.

Upon the expiration or termination of this Regulatory Agreement or certain terms hereof, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of said expired or terminated terms; provided, however, that the execution and delivery of such instruments shall not be necessary or a prerequisite to the termination of this Regulatory Agreement in accordance with its terms.

12. Covenants to Run with the Land. The Owner hereby subjects the Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The City and the Owner hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Owner's successors in title to the Project; provided, however, that on the expiration or termination of this Regulatory Agreement said covenants, reservations and restrictions shall expire except those terms which are expressly intended to survive expiration or termination. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instruments. No breach of any of the provisions of this Regulatory Agreement shall defeat or render invalid the lien of a mortgage made in good faith and for value encumbering the Site.

13. Burden and Benefit. The City and the Owner hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Owner's legal interest in the Project is rendered less valuable thereby. The City and the Owner hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Project by Low-Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Note was issued.

14. Uniformity; Common Plan. The covenants, reservations and restrictions hereof shall apply uniformly to the entire Project in order to establish and carry out a common plan for the use, development and improvement of the Site.

15. Enforcement. If the Owner defaults in the performance or observance of any covenant, agreement or obligation of the Owner set forth in this Regulatory Agreement, and if

such default remains uncured for a period of sixty (60) days (the "Cure Period") after written notice thereof shall have been given by the City to the Owner and the Investor Limited Partner (and a copy of such notice shall also be given to the Funding Lender and the Fiscal Agent, provided however that the failure of the City to provide such copy to the Funding Lender and the Fiscal Agent shall have no effect on the sufficiency of the notice to the Owner), the City may, as its sole option, extend the Cure Period (provided, however, that the City may at its sole option extend such period if the default is of the nature which would reasonably require more than 60 days to cure and if the Owner provides the City, if requested by the City, with an opinion of Tax Counsel to the effect that such extension will not adversely affect the Tax-Exempt status of interest on the Tax-Exempt Note). Upon the expiration of the Cure Period, as the same may be extended, then the City may declare an "event of default" to have occurred hereunder, and, subject to the provisions of the Borrower Loan Agreement, may take any one or more of the following steps:

(a) by mandamus or other suit, action or proceeding at law or in equity, require the Owner to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the City hereunder; or

(b) have access to and inspect, examine and make copies of all of the books and records of the Owner pertaining to the Project; or

(c) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Owner hereunder, subject, however, to those limits on exercising remedies set forth in Section 7.2 of the Borrower Loan Agreement.

Notwithstanding anything contained in this Regulatory Agreement to the contrary, the occurrence of an event of default under this Regulatory Agreement shall not be deemed, under any circumstances whatsoever, to be a default under the Security Instrument except as may be otherwise specified in the Security Instrument.

Notwithstanding anything contained in this Regulatory Agreement to the contrary, the City agrees that any cure of any default made or tendered by the Investor Limited Partner shall be deemed to be a cure by the Owner and shall be accepted or rejected on the same basis as if made or tendered by the Owner.

16. Recording and Filing. The Owner shall cause this Regulatory Agreement and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the City and County of San Francisco, California and in such other places as the City may reasonably request. The Owner shall pay all fees and charges incurred in connection with any such recording.

17. Payment of Fees. The Owner shall pay to the City, or to the Fiscal Agent at the direction of the City, on each anniversary date of the Closing Date that occurs during the term of this Regulatory Agreement, an annual fee (the "Annual Fee") equal to (a) one-eighth of one percent (0.125%) of the average outstanding aggregate principal amount of the Notes in the previous twelve (12) months (the "Maximum Annual Fee"), but no less than $2,500 (the

"Minimum Annual Fee"); provided, however, that (b) the Annual Fee, as calculated under clause (a) above, shall be lowered, from time to time, by a sum equal to (i) the amount, if any, by which the previous Annual Fee, prior to any adjustment under this clause (b), exceeded the Maximum Annual Fee allowable for such period, plus (ii) any amounts by which any other previous Annual Fees exceeded the respective Maximum Annual Fees, for which no subsequent Annual Fee had been lowered pursuant to this Section 17, all as calculated by the City's financial advisor and confirmed prior to maturity of the Notes by a Rebate Analyst approved by the City.

For purposes of the preceding paragraph, the "average outstanding aggregate principal amount of the Notes in the previous twelve (12) months" shall be calculated by summing the actual outstanding aggregate principal amounts of the Notes as of the 14th day of each of the twelve (12) calendar months preceding the due date of the subject Annual Fee, and dividing such sum by twelve (12).

Notwithstanding any prepayment of the Funding Loan or the Project Loan and notwithstanding a discharge of the Funding Loan Agreement and/or the Project Loan Agreement, the Owner shall continue to pay the City's Annual Fee as calculated and described above. Upon the occurrence of an event of default hereunder, the Owner shall continue to pay to the City compensation for any services rendered by it hereunder and reimbursement for all expenses incurred by it in connection therewith.

In case any action at law or in equity, including an action for declaratory relief, is brought against the Owner to enforce the provisions of this Regulatory Agreement, the Owner agrees to pay reasonable attorney's fees and other reasonable expenses incurred by the City, the Funding Lender, the Fiscal Agent, CDLAC and/or the Program Administrator in connection with such action.

18. Governing Law. This Regulatory Agreement shall be governed by the laws of the State of California.

19. Amendments. To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Tax Counsel filed with the City, the Fiscal Agent and the Owner, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement which must be complied with in order to maintain the Tax-Exempt status of interest on the Tax-Exempt Note, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements. Otherwise, this Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the City and County of San Francisco, California, provided that any amendment to the CDLAC Requirements shall also be subject to the consent of CDLAC, and provided further, that any amendment to Sections 3 and 4 thereof shall require an opinion of Tax Counsel filed with the City, the Fiscal Agent, the Funding Lender and the Owner, to the effect that such amendment will not adversely affect the Tax-Exempt status of interest on the Tax-Exempt Note.

20. City Contracting Provisions. The Owner covenants and agrees to comply with the City Contracting Provisions set forth in Exhibit G to this Regulatory Agreement, which are incorporated in and made a part of this Regulatory Agreement by this reference.

21. Notice. All notices, certificates or other communications shall be sufficiently given and shall be deemed given (i) on the date personally delivered or (ii) on the second business day following the date on which the same have been mailed by first class mail, postage prepaid, or (iii) by telecopier or other electronic means (including email), and deemed given one business day after such facsimile or electronic transmission but only upon prompt receipt of such notice by first class or overnight mail, or (iv) the business day following delivery by a recognized overnight delivery service, addressed as follows:

If to the City:	City and County of San Francisco City Hall, 1 Dr. Carlton B. Goodlett Place, Room 316 San Francisco, California 94102 Attention: City Controller Telecopier:
With copies to: (None of which copies shall constitute notice to the City)	City and County of San Francisco City Hall, 1 Dr. Carlton B. Goodlett Place, Room 140 San Francisco, California 94102 Attention: City Treasurer Telecopier: 415-554-4672 City and County of San Francisco Mayor's Office of Housing and Community Development 1 South Van Ness Avenue, 5th Floor San Francisco, California 94103 Attention: Director Telecopier: 415-701-5501 Office of the City Attorney City Hall, 1 Dr. Carlton B. Goodlett Place, Room 234 San Francisco, California 94102 Attention: Finance Team Telecopier: (415) 554-4755
If to the Owner:	2550 Irving Associates, L.P. 201 Eddy Street San Francisco, CA 94102 Attention: Chief Executive Officer
With a copy to:	Gubb & Barshay, LLP 235 Montgomery Street, Suite 1110 San Francisco, CA 94104 Attention:Erica Williams Orcharton , Esq. Telecopier: 415-781-6967

If to the Investor Limited Partner:	Bank of America, N.A. c/o Banc of America CDC Special Holding Company, Inc. 100 Federal Street, 4th Floor MA5-100-04-11 Boston, MA 02110 Attention: Asset Management
With a copy to:	Buchalter, A Professional Corporation 1000 Wilshire Boulevard, Suite 1500 Los Angeles, CA 90017 Attention: Michael Williamson, Esq.
If to the Funding Lender:	Bank of America, N.A. Dallas Infomart 1950 N Stemmons Fwy, Suite 5049 Dallas TX 75207 TX2-160-05-33 Attn: Construction Servicing (Real Estate) Loan Administration Manager
With a copy to:	Buchalter, A Professional Corporation 1000 Wilshire Boulevard, Suite 1500 Los Angeles, CA 90017 Attention: Michael Williamson, Esq.
If to the Fiscal Agent:	U.S. Bank, National Association
With a copy to:	

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.

22. Interpretation. The parties to this Regulatory Agreement acknowledge that each party and their respective counsel have participated in the drafting of this Regulatory Agreement. Accordingly, the parties agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Regulatory Agreement or any supplement or exhibit hereto.

23. Severability. If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions hereof shall not in any way be affected or impaired thereby.

24. Third-Party Beneficiaries. The parties to the Regulatory Agreement recognize and agree that the terms of this Regulatory Agreement and the enforcement of those terms are entered

into for the benefit of various parties, and the parties hereto acknowledge that the Funding Lender, the Fiscal Agent and CDLAC are third party beneficiaries of this Regulatory Agreement. CDLAC shall accordingly have contractual rights in this Regulatory Agreement and shall be entitled (but not obligated) to enforce, in accordance with Section 15 hereof, the terms hereof and the terms of the CDLAC Resolution. Notwithstanding the above, CDLAC shall be entitled solely to enforce the terms of the CDLAC Resolution, and any enforcement of the terms and provisions of the CDLAC Resolution by CDLAC shall not adversely affect the interests of the Funding Lender or the Fiscal Agent, and shall otherwise be subject to the terms, conditions and limitations otherwise applicable to the enforcement of remedies under this Regulatory Agreement pursuant to Section 52080(k) of the Housing Law, the provisions of Subsection 4(a)(v) and Section 6 hereof may be enforced either in law or in equity by any resident, local agency, entity, or by any other person adversely affected by the Owner's failure to comply with that Section.

25. Multiple Counterparts. This Regulatory Agreement may be executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

26. CDLAC Requirements. In addition to the other requirements set forth herein and to the extent not prohibited by the requirements set forth in Sections 2 through 6 hereof, the Owner hereby agrees: i) to comply with the CDLAC Resolution; ii) that the acquisition, construction, and operation of the Project, and the financing thereof, is and shall be in compliance with the conditions set forth in Exhibit A ("CDLAC Requirements") to CDLAC Resolution No. 23-266 adopted on December 6, 2023, attached hereto as Exhibit F (the "CDLAC Resolution"), which CDLAC Requirements are incorporated herein by this reference; and iii) that the Owner will cooperate fully with the City in connection with the City's monitoring and reporting requirements as provided herein. Compliance with the terms of the CDLAC Requirements not contained within this Regulatory Agreement, but referred to in the CDLAC Requirements, is the responsibility of the Owner to report to the City.

After the Tax-Exempt Note is executed and delivered, the terms and conditions set forth in the CDLAC Resolution shall be enforceable by CDLAC (or, in its sole discretion, the City) through an action for specific performance or any other available remedy. In addition, after the Note is issued, a) changes to Items #1, #6, #7, #10 thru #12, #14 thru #16, #18 thru #26, and #37 of the CDLAC Requirements require CDLAC's Committee or Executive Director's approval (or as otherwise required by CDLAC); and b) items #2, #13, #17 and #27 of the CDLAC Requirements cannot be altered. Changes to Items #3 thru #5 of the CDLAC Resolution require no CDLAC Committee or Executive Director's approval but any alterations must be reported to CDLAC staff for the affordability period. Changes to Items #8 and #9 of the CDLAC Requirements require no CDLAC notification and changes to Items #28 thru #36 of the CDLAC Requirements require CDLAC Committee or Executive Director's approval only prior to the Project being placed in service by the CTCAC.

Compliance with the terms of the CDLAC Requirements not specifically set forth in this Regulatory Agreement are the responsibility of the Owner to report to the City.

In addition to its obligations to CDLAC set forth in the CDLAC Requirements, annually, on February 1st, until construction of the Project has been completed and the Owner has submitted

to the City the Certificate of Completion, and thereafter on February 1st every three years, the Owner shall prepare and submit to the City a Certificate of Compliance II in the form required by CDLAC and referenced in the CDLAC Resolution, executed by an Authorized Owner Representative.

Any of the foregoing requirements of CDLAC contained in this Section 26 may be expressly waived by CDLAC, in its sole discretion, in writing, but (i) no waiver of CDLAC of any requirement of this Section 26 shall, or shall be deemed to, extend to or affect any other provision of this Regulatory Agreement, except to the extent that the City has received an opinion of Tax Counsel that any such provision is not required by the Act or the Code and may be waived without adversely affecting the Tax-Exempt status of interest on the Tax-Exempt Note for federal income tax purposes; and (ii) any requirement of this Section 26 shall be void and of no force and effect if the City and the Owner receive a written opinion of Tax Counsel to the effect that compliance with any such requirement would cause interest on the Tax-Exempt Note to cease to be Tax-Exempt or to the effect that any compliance with such requirement would be in conflict with the Act, the Code or any other state or federal law.

27. California Debt and Investment Advisory Commission Reporting Requirements.

No later than January 31 of each calendar year (commencing January 31, 2025), the Owner, on behalf of the City, agrees to provide the California Debt and Investment Advisory Commission, by any method approved by such Commission, with a copy to the City, the annual report information required by Section 8855(k)(1) of the California Government Code. This covenant shall remain in effect until the later of the date (i) the Note is no longer outstanding or (ii) the proceeds of the Note and the Funding Loan have been fully spent.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the City and the Owner have executed this Regulatory Agreement by their duly authorized representatives, all as of the date first written hereinabove.

CITY AND COUNTY OF SAN FRANCISCO,
acting by and through the Mayor's Office of
Housing and Community Development

By:_____
Eric D. Shaw
Director, Mayor's Office of Housing and
Community Development

Approved as to Form:

DAVID CHIU
City Attorney

By _____
Kenneth D. Roux
Deputy City Attorney

[Signatures Continue on Following Page.]

OWNER:

2550 IRVING ASSOCIATES, L.P.,
a California limited partnership

By: 2550 Irving GP LLC,
a California limited liability company,
its general partner

By: Tenderloin Neighborhood Development Corporation,
a California nonprofit public benefit corporation,
its manager

By: _____
Katherine Lamont
Interim Co-Chief Executive Officer

[SIGNATURE PAGE TO REGULATORY AGREEMENT – 2550 IRVING]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____ , Notary Public,
(Print Name of Notary Public)

personally appeared _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____
Signature of Notary Public

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

☐ Individual
☐ Corporate Officer

_____
Title(s)

☐ Partner(s) ☐ Limited ☐ General
☐ Attorney-In-Fact
☐ Fiscal Agent(s)
☐ Guardian/Conservator
☐ Other:_____

Signer is representing:
Name Of Person(s) Or Entity(ies)

_____

_____

DESCRIPTION OF ATTACHED DOCUMENT

_____
Title Or Type Of Document

_____
Number Of Pages

_____
Date Of Documents

_____
Signer(s) Other Than Named Above

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____ , Notary Public,
(Print Name of Notary Public)

personally appeared _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

_____
Signature of Notary Public

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

☐ Individual
☐ Corporate Officer

_____
Title(s)

☐ Partner(s) ☐ Limited ☐ General
☐ Attorney-In-Fact
☐ Fiscal Agent(s)
☐ Guardian/Conservator
☐ Other:_____

Signer is representing:
Name Of Person(s) Or Entity(ies)

_____

_____

DESCRIPTION OF ATTACHED DOCUMENT

_____
Title Or Type Of Document

_____
Number Of Pages

_____
Date Of Documents

_____
Signer(s) Other Than Named Above

EXHIBIT A

LEGAL DESCRIPTION OF THE SITE

Leasehold estate as created by that certain Ground Lease dated _____, made by and between the City and County of San Francisco, a municipal corporation, as lessor, and 2550 Irving Associates, L.P., a California limited partnership, as lessee, for the term of and upon the terms and conditions contained in said lease, a Memorandum thereof recorded _____ in Official Records under Recorder's Serial Number _____, in and to the following:

(A) Beginning at the point of intersection of the Northerly line of Irving Street with the Westerly line of 26th Avenue; running thence Westerly along the Northerly line of Irving Street 82 feet and 6 inches; thence at a right angle Northerly 90 feet; thence at a right angle Easterly 82 feet and 6 inches to the Westerly line of 26th Avenue; thence Southerly along the Westerly line of 26th Avenue 90 feet to the point of beginning.

Being a portion of Outside Land Block No. 647.

(B) Beginning at a point on the Northerly line of Irving Street, distant thereon 82 feet and 6 inches Westerly from the Westerly line 26th Avenue; running thence Westerly along the Northerly line of Irving Street 25 feet; thence at a right angle Northerly 90 feet;. thence at a right angle Easterly 25 feet; thence at a right angle Southerly 90 feet to the point of beginning.

Being a portion of Outside Land Block No. 647.

(C) Beginning at a point on the Northerly line of Irving Street, distant thereon 107 feet and 6 inches Westerly from the Westerly line of 26th Avenue; running thence Westerly along the Northerly line of Irving Street 25 feet; thence at a right angle Northerly 90 feet; thence at a right angle Easterly 25 feet; thence at a right angle Southerly 90 feet to the point of beginning.

Being a portion of Outside Land Block No. 647.

(D) Beginning at a point on the Northerly line of Irving Street, distant thereon 82 feet and 6 inches Easterly from the point formed by the intersection of the Northerly line of Irving Street with the Easterly line of 27th Avenue; running thence Easterly along said Northerly line of Irving Street 25 feet; thence at a right angle Northerly 90 feet; thence at a right angle Westerly 25 feet; thence at a right angle Southerly 90 feet to the Northerly line of Irving Street and the point of beginning.

Being a portion of Outside Land Block No. 647.

(E) Beginning at the point of intersection of the Easterly line of 27th Avenue and the Northerly line of Irving Street; running thence Northerly along said line of 27th Avenue 60 feet; thence at a right angle Easterly 82 feet and 6 inches; thence at a right angle Southerly 60 feet to the Northerly line of Irving Street; thence at a right angle Westerly along said line of Irving Street

82 feet and 6 inches to the point of beginning.

Being part of Outside Land Clock No. 647.

APN: LOT 217; BLOCK: 4591C

EXHIBIT B

INCOME CERTIFICATION FORM

A current version of the CTCAC form may be downloaded from the State Treasurer's website at the following link: http://www.treasurer.ca.gov/ctcac/compliance/tic.pdf.

EXHIBIT C

COMPLETION CERTIFICATE

CITY AND COUNTY OF SAN FRANCISCO
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attention: Director

Re: City and County of San Francisco, California
Multifamily Housing Revenue Note (2550 Irving)
Series 2024C

The undersigned (the "Owner") hereby certifies that all aspects of the construction of the Project (as that term is used in the Regulatory Agreement and Declaration of Restrictive Covenants (2550 Irving) dated as of May 1, 2024, by and between the City and County of San Francisco and the Owner (the "Regulatory Agreement")) were substantially completed and available for occupancy by tenants in the Project as of _____.

1. The undersigned hereby certifies that:

(a) the aggregate amount disbursed on the Loan (as that term is used in the Regulatory Agreement) to date is $_____;

(b) all amounts disbursed on the Loan have been applied to pay or reimburse the undersigned for the payment of Project Costs (as that term is used in the Regulatory Agreement) and none of the amounts disbursed on the Loan has been applied to pay or reimburse any party for the payment of costs or expenses other than Project Costs; and

(c) as shown on the attached sheet (showing the breakdown of expenditures for the Project and the source of the funds which were used to pay such costs), at least 95 percent of the amounts disbursed on the Loan (as that term is used in the Regulatory Agreement) have been applied to pay or reimburse the Owner for the payment of Qualified Project Costs (as that term is used in the Regulatory Agreement) and less than 25 percent of the amounts disbursed on the Loan, exclusive of amounts applied to pay the costs of issuing the Note, have been applied to pay or reimburse the Owner for the cost of acquiring land.

[Signature Appears on Next Page.]

OWNER:

2550 Irving Associates, L.P.,
a California limited partnership

By: 2550 Irving GP LLC,
a California limited liability company,
its general partner

By: Tenderloin Neighborhood Development Corporation,
a California nonprofit public benefit corporation,
its manager

By: _____
Katherine Lamont
Interim Co-Chief Executive Officer

EXHIBIT D

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Project Name: 2550 Irving

CDLAC Application Number: 23-624

CDLAC Resolution Number: 23-266

Property Address:

Project Completion Date (if completed, otherwise mark NA): _____

Name of Obligation: City and County of San Francisco Multifamily Housing Revenue Note (2550 Irving), Series 2024C

The undersigned, being the authorized representatives of 2550 Irving Associates, L.P., a California limited partnership (the "Owner"), hereby certifies that he/she has read and is thoroughly familiar with the provisions of the various documents associated with the Owner's participation in the City and County of San Francisco (the "City") Multifamily Housing Program, such documents including:

1. the Regulatory Agreement and Declaration of Restrictive Covenants (2550 Irving), dated as of May 1, 2024 (the "Regulatory Agreement"), between the Owner and the City; and

2. the Borrower Loan Agreement, dated as of May 1, 2024, among the City, the Fiscal Agent and the Owner.

Terms used herein and not otherwise defined shall have the meaning ascribed hereto in the Regulatory Agreement.

The undersigned further certifies that:

A. There have been no changes to the ownership entity, principals or property management of the Project since the Note was executed and delivered, or since the last certification was provided (as applicable), except as described below:

(If so please attach a request to revise the CDLAC Resolution, noting all pertinent information regarding the change, otherwise state "NONE")

If Project has not yet been placed in service, mark N/A for the balance of the items below:

B. During the preceding twelve (12) months (i) such Project was continually in compliance with the Regulatory Agreement executed in connection with such loan from the City and (ii) ___% of the units in the Project were occupied by Qualified Tenants (minimum of forty (40%), excluding the manager's unit).

C. As of the date of this Certificate, the following percentages of completed residential units in the Project (i) are occupied by Low-Income Tenants, or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Low-Income Tenant vacated such unit, as indicated below:

Occupied by Low-Income Tenants:

Studio units: _____ Unit Nos. _____

1 bedroom units: _____ Unit Nos. _____

2 bedroom units: _____ Unit Nos. _____

3 bedroom units: _____ Unit Nos. _____

4 bedroom units: _____ Unit Nos. _____

Total percentage occupied by Low-Income Tenants: _____

Held vacant for occupancy continuously since last occupied by a Low-Income Tenant:

_____%; Unit Nos. _____

Vacant Units:

_____%; Unit Nos. _____

It hereby is confirmed that each tenant currently residing in a unit in the Project has completed an Income Certification Form in the form approved by the City and that since commencement of the Qualified Project Period, not less than 40% of the occupied units in the Project (excluding the manager's unit) have been rented to (or are vacant and last occupied by) Qualified Tenants. The undersigned hereby certifies that the Owner is not in default under any of the terms and provisions of the above documents.

D. The units occupied by Low-Income Tenants are of similar size and quality to other units and are dispersed throughout the Project.

E. Select appropriate certification: [No unremedied default has occurred under this Regulatory Agreement, the Note, the Loan Agreement or the Security Instrument.] [A default has occurred under the _____. The nature of the default and the measures being taken to remedy such default are as follows: _____.]

F. There has been no change of use for the Project, except as follows: (please describe if any, or otherwise indicate "NONE")

G. Select appropriate certification: The undersigned hereby certifies that the Project [has satisfied all] [except as described below, has satisfied all] of the requirements memorialized in the Exhibit A of the CDLAC Resolution, a copy of which is attached hereto (i.e. qualifying project completion, qualifying depreciable asset purchase, qualifying loan originations, the use of public funds, manager units, income rent restrictions, sustainable building methods, etc., as applicable), and

thus has achieved all public benefit requirements (excluding service amenities) as presented to CDLAC.

[Describe any requirements not satisfied: _____]

H. As captured in Exhibit A of the CDLAC Resolution, the Project has committed to and is currently providing the following service amenities for a minimum of ten (10) years, on a regular and ongoing basis, which are provided free of charge (with the exception of day care services):

Please check the services that apply or write N/A where appropriate:

_____ After-school Programs

_____ Educational, health and wellness, or skill building classes

_____ Health and Wellness services and programs (not group classes)

_____ Licensed Childcare provided for a minimum of twenty (20) hours per week (Monday-Friday)

_____ Bona-Fide Service Coordinator/ Social Worker

1) For this reporting period, attached is evidence (i.e. MOUs, contracts, schedules, calendars, flyers, sign-up sheets, etc.) confirming that the above-listed services are being provided and have met the requirements of Exhibit A of the CDLAC Resolution.

2) If any of the above services requirements were not met, what corrective action is being taken to comply?

(Please also attach the completed project sponsor certification form as provided in the CDLAC Resolution)

(Please also attach the completed Occupancy and Rent Information form attached hereto)

I. The representations set forth herein are true and correct to the best of the undersigned's knowledge and belief, and the undersigned acknowledges and agrees that the City will be relying solely on the foregoing certifications and accompanying documentation, if any, in making its certification to CDLAC pursuant to Section 5144 of the CDLAC regulations (Division 9.5 of Title 4 of the California Code of Regulations), and agrees to provide to the City such documentation or evidence, in support of the foregoing certifications, as the City or CDLAC may request.

Capitalized terms used in this Certificate and not otherwise defined herein have the meanings given to them in the Regulatory Agreement.

DATED: _____

OWNER:

2550 IRVING ASSOCIATES, L.P.,
a California limited partnership

By: 2550 Irving GP LLC,
a California limited liability company,
its general partner

By: Tenderloin Neighborhood Development Corporation,
a California nonprofit public benefit corporation,
its manager

By: _____
Katherine Lamont
Interim Co-Chief Executive Officer

EXHIBIT E

CERTIFICATE AS TO COMMENCEMENT OF QUALIFIED PROJECT PERIOD

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

City and County of San Francisco
Mayor's Office of Housing and Community Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attention: Executive Director

City and County of San Francisco, California
Multifamily Housing Revenue Note (2550 Irving),
Series 2024C

The undersigned, being the authorized representative(s) of 2550 Irving Associates, L.P., a California limited partnership, hereby certifies that: (complete blank information):

Ten percent (10%) of the dwelling units in the Project financed in part from the proceeds of the above-captioned Note were first occupied on _____; and

Fifty percent (50%) of the dwelling units in the Project financed in part from the proceeds of the above-captioned Note were first occupied on _____.

DATED: _____

OWNER:

2550 IRVING ASSOCIATES, L.P.,
a California limited partnership

By: 2550 Irving GP LLC,
a California limited liability company,
its general partner

By: Tenderloin Neighborhood Development Corporation,
a California nonprofit public benefit corporation,
its manager

By: _____
Katherine Lamont
Interim Co-Chief Executive Officer

Acknowledged:

City and County of San Francisco

By:_____
Name, Title

EXHIBIT F

CDLAC RESOLUTION

[See Attached]

EXHIBIT G

CITY AND COUNTY OF SAN FRANCISCO
MANDATORY CONTRACTING PROVISIONS

The following provisions shall apply to this Regulatory Agreement as if set forth in the text thereof. Capitalized terms used but not defined in this Exhibit shall have the meanings given in this Regulatory Agreement (referred to herein as "Agreement").

1. Nondiscrimination; Penalties.

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

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

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

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

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

lacks a valid prescription. Alcohol abuse means possessing, furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol.

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

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

7. Limitations on Contributions. By executing this Agreement, the Owner acknowledges its obligations under section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with, or is seeking a contract with, any department of the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, for a grant, loan or loan guarantee, or for a development agreement, from making any campaign contribution to (i) a City elected official if the contract must be approved by that official, a board on which that official serves, or the board of a state agency on which an appointee of that official serves, (ii) a candidate for that City elective office, or (iii) a committee controlled by such elected official or a candidate for that office, at any time from the submission of a proposal for the contract until the later of either the termination of negotiations for such contract or twelve months after the date the City approves the contract. The prohibition on contributions applies to each prospective party to the contract; each member of the Owner's board of directors; the Owner's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 10% in the Owner; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by the Owner. The Owner certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

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

9. Requiring Health Benefits for Covered Employees. If Administrative Code Chapter 12Q applies to this Agreement, the Owner shall comply with the requirements of Chapter 12Q. For each Covered Employee, the Owner shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If the Owner chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission. Information about and the text of the Chapter 12Q, as well as the Health Commission's minimum standards, is available on the web at http://sfgov.org/olse/hcao. The Owner is subject to the enforcement and penalty provisions in Chapter 12Q. Any subcontract entered into by the Owner shall require any subcontractor with 20 or more employees to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section.

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

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

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

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

The requirements of Chapter 12T shall only apply to the Owner's operations to the extent those operations are in furtherance of the performance of this Agreement, shall apply only to

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

13. Reserved

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

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

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

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

18. Consideration of Salary History. The Owner shall comply with San Francisco Administrative Code Chapter 12K, the Consideration of Salary History Ordinance or "Pay Parity Act." The Owner is prohibited from considering current or past salary of an applicant in determining whether to hire the applicant or what salary to offer the applicant to the extent that such applicant is applying for employment to be performed on this Agreement or in furtherance of

this Agreement, and whose application, in whole or part, will be solicited, received, processed or considered, whether or not through an interview, in the City or on City property. The ordinance also prohibits employers from (1) asking such applicants about their current or past salary or (2) disclosing a current or former employee's salary history without that employee's authorization unless the salary history is publicly available. Owner is subject to the enforcement and penalty provisions in Chapter 12K. Information about and the text of Chapter 12K is available on the web at https://sfgov.org/olse/consideration-salary-history. Owner is required to comply with all of the applicable provisions of 12K, irrespective of the listing of obligations in this Section.

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

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

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

22. Contractor Vaccination Policy.

(a) Owner acknowledges that it has read the requirements of the 38th Supplement to Mayoral Proclamation Declaring the Existence of a Local Emergency ("Emergency Declaration"), dated February 25, 2020, and the Contractor Vaccination Policy for City Contractors issued by the City Administrator ("Contractor Vaccination Policy"), as those documents may be amended from time to time. A copy of the Contractor Vaccination Policy can be found at: https://sf.gov/confirm-vaccine-status-your-employees-and-subcontractors.

(b) A Contract subject to the Emergency Declaration is an agreement between the City and any other entity or individual and any subcontract under such agreement, where Covered Employees of the Contractor or Subcontractor work in-person with City employees in connection with the work or services performed under the agreement at a City owned, leased, or controlled facility. Such agreements include, but are not limited to, professional services contracts, general services contracts, public works contracts, and grants. Contract includes such agreements currently in place or entered into during the term of the Emergency Declaration. Contract does not include an agreement with a state or federal governmental entity or agreements that do not involve the City paying or receiving funds.

(c) In accordance with the Contractor Vaccination Policy, Owner agrees that:

(i) Where applicable, Owner shall ensure it complies with the requirements of the Contractor Vaccination Policy pertaining to Covered Employees, as they are defined under the Emergency Declaration and the Contractor Vaccination Policy, and insure such Covered Employees are either fully vaccinated for COVID-19 or obtain from Owner an exemption based on medical or religious grounds; and

(ii) If Owner grants Covered Employees an exemption based on medical or religious grounds, Owner will promptly notify City by completing and submitting the Covered Employees Granted Exemptions Form ("Exemptions Form"), which can be found at https://sf.gov/confirm-vaccine-status-your-employees-and-subcontractors (navigate to "Exemptions" to download the form).

EXHIBIT H

FORM OF REPORTS

The form of the Annual Monitoring Report and the CNA (Fannie Mae Form 4327) may be downloaded from the Mayor's Office of Housing and Community Development website at the following link:

https://sf.gov/resource/2022/compliance-monitoring

EXHIBIT I

OPERATIONAL RULES FOR SAN FRANCISCO HOUSING LOTTERIES AND RENTAL LEASE UP ACTIVITIES

The Operational Rules for San Francisco Housing Lotteries and Rental Lease Up Activities may be found in the current version of the Housing Preferences and Lottery Procedures Manual which is incorporated herein by this reference and may be downloaded from the Mayor's Office of Housing and Community Development website at the following link:

https://sfmohcd.org/sites/default/files/Documents/MOH/Inclusionary%20Manuals/Preferences%20Manual%20-%20%203.31.2017_0.pdf

EXHIBIT J

MARKETING AND TENANT SELECTION PLAN

The Marketing Plan and Tenant Selection Plan (also referred "Resident Section Criteria") may be downloaded from the Mayor's Office of Housing and Community Development website at the following link:

https://sfmohcd.org/sites/default/files/Documents/MOH/Inclusionary%20Manuals/Preferences%20Manual%20-%20%203.31.2017_0.pdf

2550 Irving Street

BUDGET AND FINANCE COMMITTEE

APRIL 24, 2024

OMAR MASRY, PROJECT MANAGER

MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT

1

File #240336

Authorization to issue and deliver tax-exempt multifamily housing revenue bonds in an aggregate principal amount not to exceed $**63.8M**

2

File #240335

1) Ground Lease for initial term of 75 yrs. plus option to extend and **$15,000** Annual Base Rent
2) City (MOHCD) Loan Agreement up to **$16,956,650**
3) Purchase & Sale Agreement for City to acquire property from TNDC for **$9.6M**

2550 IRVING STREET - BUDGET AND FINANCE COMMITTEE AGENDA ITEMS

PROJECT HISTORY – 2550 IRVING

- December 2019: Tenderloin Neighborhood Development Corporation (TNDC) selected as Sponsor per a Notice of Funding Availability
- October 2021: TNDC acquires 2550 Irving Street through MOHCD acquisition loan
- August 2022: Planning Department Approval using California Senate Bill SB-35
- May 2023: State HCD awards for $6.9M IIG & $29.3M MHP; Sponsor demolishes two-story police credit union building
- June 2024: Construction start, following approval of Ground Lease, and MOHCD Permanent Loan financing for $16.9 million approved

Project Site Prior to demolition of credit union building

PROPOSED COMMUNITY

- 90 affordable units featuring:
  - 22 units for families exiting homelessness
  - 15 units for Veterans
  - 52 general affordable lottery units
  - 1 resident manager unit
- 35% to 80% MOHCD AMI
- Ground floor includes: community meeting rooms, supportive services offices, 18 parking spaces, and a 150 square foot office for the newly formed Sunset Chinese Cultural District community-based organization.
- Housing Element High/Highest Resource Area

FINANCING

Total Development Costs $99M

- City MOHCD Loan $16.9M
- HCD MHP Loan $29.3M
- HCD IIG Grant $ 6.9M
- HCD Community Grant $ 500K
- FHLB AHP Loan $ 1M
- Partner Equity $45.3M

Total City subsidy per unit of $177K.

Total development cost per unit of $1.1M does not include $9M to acquire land

TIMELINE

- Housing Construction June 2024
- Unit lottery June 2025
- Project completion December 2025
- Leasing Up Complete September 2026

ENTRY PORTAL ALONG IRVING

ENTRY PORTAL THROUGH GATE ALONG IRVING

LINCOLN AND 27TH LOOKING SOUTH

IRVING AND 27TH LOOKING EAST

TNDC PROJECT STAFF: HERMANDEEP KAUR, SAMUEL RUIZ, SHREYA SHAH

PROJECT WEBSITE: 2550IRVING.COM

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

901 P Street, Suite 213A
Sacramento, CA 95814
p (916) 653-3255
f (916) 653-6827
cdlac@treasurer.ca.gov
www.treasurer.ca.gov/cdlac

MEMBERS

FIONA MA, CPA, CHAIR
STATE TREASURER

GAVIN NEWSOM
GOVERNOR

MALIA M. COHEN
STATE CONTROLLER

EXECUTIVE DIRECTOR
VACANT

December 6, 2023

Eric D. Shaw
Director
City and County of San Francisco
1 South Van Ness Ave, 5th Floor
San Francisco, CA 94103

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

Dear Eric D. Shaw:

Enclosed is a copy of Resolution No. 23-266, adopted by the California Debt Limit Allocation Committee (the "Committee") on December 6, 2023, transferring $51,846,000.00 of the 2023 State Ceiling on Qualified Private Bonds to the City and County of San Francisco (the "Applicant") for the 2550 Irving (the "Project"). The Resolution No. 23-266 establishes the terms and conditions under which the allocation has been granted. Please read it carefully and keep a copy in your permanent files.

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

1. Performance Deposit: Pursuant to Section 5050 of the Committee's Regulations, a performance deposit to one-half of one percent (0.5%) of the Allocation requested, not to exceed $100,000, made payable to the Applicant, shall be evidenced within 20 calendar days following an award of an Allocation.

The performance deposit certified in support of this project ($100,000) is to remain on deposit until you receive authorization from the Committee that it may be released. This written release will be provided once the Committee receives: the "Report of Action Taken" template indicating that the allocation transferred was used for the Project's issuance of bonds, a copy of the conformed regulatory agreement, and the payment of the second installment of the CDLAC filing fee. A copy of the conformed regulatory agreement should be sent electronically to CDLAC@treasurer.ca.gov. The full amount of the deposit will be released upon the Executive Director's approval if at least 80% of the allocation to this project is used for the issuance of bonds. If an amount less than 80% of the allocation is used to issue bonds, a proportionate amount of the deposit will be subject to forfeiture.

2. IRS Certification: The IRS-required certification (Certificate pursuant to Section 149(e)(2)(F) Internal Revenue Code of 1986, As Amended) will be prepared by CDLAC staff and sent to the Applicant's bond counsel once the Committee receives the Report of Action Taken template from the Applicant.

3. Second Installment of Filing Fee: **Enclosed is an invoice for this Project.** The invoice attached herein should be considered final, due and payable upon the issuance of bonds.

4. Compliance: The Certification of Compliance II or equivalent form is to be submitted by the Project Sponsor to the Applicant by the Applicant's specified deadline, but no later than March 1st annually until the project's Certificate of Completion has been submitted to the Applicant. Following the submission of the Certificate of Completion or equivalent form to the Applicant, the Certification of Compliance II is to be submitted March 1st every three (3) years thereafter. In addition, an Annual Applicant Public Benefits and On-going Compliance Self-Certification (Self Certification) form must be submitted by the Applicant online every year until the Certificate of Completion has been submitted to the Applicant. After the completion of the project has been reported, the Self Certification will be required to be submitted March 1st every three years thereafter pursuant to Section 5144 of the CDLAC Regulations. Verification to CDLAC of income and rental information is not required in advance of the submission of the Certificate of Completion. A copy of the Certification of Compliance II and the Certificate of Completion forms may be found at this website location: http://www.treasurer.ca.gov/cdlac/forms.asp. Failure to submit Compliance may result in disqualification from future program participation.

Sincerely,

Ricki Hammett

Ricki Hammett
Deputy Executive Director

Enclosures

cc: William Wilcox, City and County of San Francisco
Robert Labes, Esq., Squire Patton Boggs (US) LLP
Hermandeep Kaur, 2550 Irving Associates, L.P.

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

RESOLUTION NO. 23-266

A RESOLUTION TRANSFERRING A PORTION OF THE 2023 STATE CEILING ON QUALIFIED PRIVATE ACTIVITY BONDS FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT

WHEREAS, the California Debt Limit Allocation Committee ("CDLAC") is authorized to implement the volume limit for the state on private activity bonds established pursuant to federal law, annually determine a state ceiling on the aggregate amount of private activity bonds that may be issued, and allocate that aggregate amount among state and local agencies (Gov. Code, § 8869.81 et seq.); and

WHEREAS, CDLAC has received an application ("Application") from the City and County of San Francisco ("Applicant") for the transfer to the Applicant of a portion of the 2023 state ceiling for use by the Applicant to issue bonds or other obligations ("Bonds") for 2550 Irving ("Project") as described in Exhibit A; and

WHEREAS, 2550 Irving Associates, L.P. ("Project Sponsor") has represented and the Applicant has confirmed in the Application certain facts and information concerning the Project; and

WHEREAS, in evaluating the Project and allocating a portion of the state ceiling to the Applicant for the benefit of the Project, CDLAC staff has relied upon the written facts and information represented in the Application by the Project Sponsor and the Applicant; and

WHEREAS, it is consistent with CDLAC's statutes and regulations for CDLAC to transfer a portion of the 2023 state ceiling ("Allocation") to benefit the Project;

NOW, THEREFORE, BE IT RESOLVED by the California Debt Limit Allocation Committee the following:

Section 1. An amount of the 2023 state ceiling on the aggregate amount of private activity bonds equal to $51,846,000.00 shall be transferred to the Applicant. This Allocation shall be used only by the Applicant and only for the issuance of the Bonds for the Project, as described in Exhibit A. The terms and conditions of Exhibit A are incorporated herein as though set forth in full (this resolution, together with Exhibit A are hereafter referred to collectively as this "Resolution").

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds. The Project Sponsor and the Applicant, and all of their respective successors and assignees, shall be bound by those terms and conditions. The Applicant shall monitor the Project for compliance with the terms and conditions of this Resolution. The Project shall be subject to the monitoring provisions of California Code of Regulations, title 4, sections 10337(c) and 5220.

Section 3. A modification to the Project made prior to the issuance of the Bonds that impacts the Resolution shall be reported to the Executive Director and, if the Executive Director determines that modification to be material pursuant to CDLAC's statutes and regulations, the material modification shall be brought back to CDLAC for consideration before the Allocation may be used for the Project. After the Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by CDLAC through an action for specific performance or other available remedy.

In addition, after the Bonds are issued, a change to Items #1; #6; #7; #10; #11; #12; #14; #15; #16; #18 through #26,inclusive; and #37 of Exhibit A shall require CDLAC or Executive Director approval for the term of the commitment; a change to Items #2, #13, #17, and #27 of Exhibit A shall not be altered; a change to Items #3, #4, and #5 of the Exhibit A shall not require CDLAC or Executive Director approval, but an alteration shall be reported to CDLAC staff for the affordability period; a change to Items #8 and #9 of Exhibit A shall not require CDLAC notification; and a change to Items #28 through #36, inclusive, of Exhibit A shall require CDLAC or Executive Director approval only prior to the Project being placed in service by the California Tax Credit Allocation Committee (CTCAC) if the Bonds receive tax credits.

Section 4. A material change in the structure of the Bonds sale prior to the issuance of the Bonds and not previously approved by CDLAC shall require approval of the CDLAC Chair or the Executive Director.

Section 5. The transfer of the proceeds from the sale of the Bonds to a project other than the Project may be allowed only with the prior approval of the Executive Director in consultation with the CDLAC Chair.

Section 6. The Applicant is authorized to use the Allocation to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer the Allocation to any governmental unit in the State except to CDLAC.

Section 7. If the Applicant has not issued the Bonds pursuant to the Allocation by the close of business on June 17, 2024, the Applicant shall notify CDLAC and carry forward the Allocation to the next approved project to be awarded a bond allocation pursuant to California Code of Regulations, title 4, section 5133. In a case of extreme hardship, the Executive Director may extend this date by up to five (5) business days.

Section 8. Within twenty-four (24) hours of using the Allocation to issue the Bonds, the Applicant shall notify CDLAC at CDLAC@treasurer.ca.gov that the Allocation has been used. This notice shall identify the Applicant, the Project or qualified residential rental project, the date the Allocation was used, and the amount of the Allocation used.

Section 9. Within fifteen (15) calendar days of the Bonds closing, the Applicant or its counsel shall submit a completed "Report of Action Taken Regarding the Issuance of Private Activity Bonds", as made available by CDLAC.

Section 10. Differences between the amount of the Bonds issued and the amount of the Allocation granted in Section 1 shall be retained by the Applicant as required by 26 U.S.C. §146(f)(3)(A) regarding carryforward elections. The use of a Carryforward Allocation shall be consistent with California Code of Regulations, title 4, section 5133.

Section 11. CDLAC staff is directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain a copy in the Applicant's official records for the term of the Bonds or the term of the income and rental restrictions, whichever is longer. CDLAC staff shall retain a copy of this Resolution in the files of CDLAC, or any successor agency, for the same term.

Section 12. In consideration of the Allocation, the Applicant and Project Sponsor shall comply with all the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. The Applicant and Project Sponsor shall expressly agree that the terms and conditions of this Resolution may be enforced by CDLAC through an action for specific performance or any other available remedy, provided CDLAC agrees not to take any action or enforce any remedy that would be materially adverse to the interests of Bondholders. The Applicant and Project Sponsor shall ensure the Bond documents, as appropriate, expressly state CDLAC is a third-party beneficiary of the terms and conditions set forth in this Resolution.

Section 13. Either the "Certification of Compliance II for Qualified Residential Rental Projects" or "Certification of Compliance II for Non-Qualified Residential Rental Projects" shall be submitted by the Project Sponsor to the Applicant no later than March 1st annually until the Project's applicable "Certificate of Completion" has been submitted by the Project Sponsor to the Applicant. An "Annual Applicant Public Benefits and Ongoing Compliance Self-Certification" shall be annually submitted online by the Applicant to CDLAC until the applicable "Certificate of Completion" has been submitted by the Project Sponsor to the Applicant. Following the submission of the applicable "Certificate of Completion" to the Applicant, the applicable "Certification of Compliance II" shall be submitted by the Project Sponsor to the Applicant no later than March 1st, and no later than March 1st every three years thereafter, pursuant to California Code of Regulations, title 4 section 5144. Verification to CDLAC of income and rental information shall not be required prior to the submission of the applicable "Certificate of Completion." A copy of the applicable "Certification of Compliance II" may be found at: http://www.treasurer.ca.gov/cdlac/forms.asp. Failure to submit compliance documents may result in disqualification from future participation for qualified residential rental projects.

Section 14. All relevant bond documents for the Bonds shall permit principal payments or prepayments on the underlying loan(s) as transferred proceeds in a bond preservation and recycling program as permitted by 26 U.S.C. 146(i)(6) and shall require no less than thirty (30) days' notice to CDLAC and the Applicant prior to the redemption of the Bonds at conversion to permanent financing.

Section 15. This Resolution shall take effect immediately upon its adoption.

* * *

CERTIFICATION

I, Ricki Hammett, Deputy Executive Director of the California Debt Limit Allocation Committee, hereby certify that the above is a full, true, and correct copy of the Resolution adopted at a meeting of the Committee held in the Paul Bonderson Building, 901 P Street, 1st Floor, Sacramento, California 95814, on December 6, 2023 with the following votes recorded:

AYES:	State Treasurer Fiona Ma, CPA Gayle Miller for Governor Gavin Newsom Evan Johnson for State Controller Malia M. Cohen
NOES:	None
ABSTENTIONS:	None
ABSENCES:	None

Ricki Hammett, Deputy Executive Director

Date: December 6, 2023

RESOLUTION NO. 23-266

QUALIFIED RESIDENTIAL RENTAL PROJECT
EXHIBIT A

1. Applicant: City and County of San Francisco

2. Application No.: 23-624

3. Project Sponsor: 2550 Irving Associates, L.P. (2550 Irving GP LLC)

4. Property Management Co.: Tenderloin Neighborhood Development Corporation

5. Project Name: 2550 Irving

6. Location: San Francisco , CA

7. Private Placement Purchaser: **JPMorgan Chase Bank, N.A.**
   Cash Flow Bond: **Not Applicable**

   All units identified in the CDLAC resolution, including both the Federally Bond-Restricted Units and the Other Restricted Units, will be incorporated into the Bond Regulatory Agreement. Assumptions to be included in the Bond Regulatory Agreement regarding the Other Restricted Units will include the AMI as outlined in the CDLAC resolution, a limitation that tenants pay no more than 30% of their income and 1.5 persons per bedroom occupancy standard to determine the applicable rent.
   Applicable

8. Public Sale: **Not Applicable**
   Credit Enhancement Provider: **Not Applicable**

9. Total Number of Units: **89** plus **1** unrestricted manager unit(s)

10. Total Number of Restricted Rental Units: **89**

11. The term of the income and rental restrictions for the Project will be at least 55 years from the date 50% occupancy is achieved or when the project is otherwise placed in service.

12. The Regulatory Agreement shall not terminate prior to the end of the CDLAC Resolution affordability term in the event of foreclosure, exercise of power of sale, and/or transfer of title by deed in lieu of foreclosure in connection with a deed of trust directly or indirectly securing the repayment of Cash Flow Permanent Bonds.

13. The Project will utilize Gross Rents as defined in Section 5170 of the Committee's Regulations.
    Applicable

14. Income and Rental Restrictions

a. Federally Bond-Restricted Set-aside:
At least 40% of the total units will be restricted at 60% of the Area Median Income.

b. Other Restricted Units
For the entire term of the income and rental restrictions, the Project will have:

At least **77** Qualified Residential units rented or held vacant for rental for persons or families whose income is at or below 50% of the Area Median Income.

At least **12** Qualified Residential units rented or held vacant for rental for persons or families whose income is at 60% of the Area Median Income.

15. In accordance with Section 5191(a), a minimum of ten percent (10%) of the units must be restricted to households with incomes no greater than 50% of the Area Median Income and will be distributed as follows:

Applicable:

Studios:	**1**
One-bedroom:	**3**
Two-bedroom:	**2**
Three-bedroom:	**3**

16. New Construction Pool Set-aside Requirements.
Homeless Set-aside: at least 25% of the Tax Credit Units are designated for homeless households as defined by CTCAC Regulation Section 10315(b)(1) with affordable rents consistent with Section 10325(g)(3).

Not Applicable

Homeless Set-aside Priority: 45% of the Tax Credit Units are designated for homeless households as defined by CTCAC Regulation Section 10315(b)(1) with affordable rents consistent with Section 10325(g)(3).

Not Applicable

Extremely Low Income/Very Low Income (ELI/VLI) Set-aside. The rent and income targeting restrictions must have an average of 50% area median income (AMI) or below.

Applicable

Mixed Income Set-aside. A Mixed Income Project is a New Construction Qualified Residential Rental Project which either (1) is not utilizing the Average Income test of Internal Revenue Code Section 42 (g)(1)(C) and which has 50% or fewer of its total units designated as Restricted Rental Units or; (2) is part of the California Housing Finance Agency Mixed-Income Program. In a Competitive Application Process, a Mixed Income Project may only apply for an allocation of tax-exempt bonds if the ratio of tax-exempt bonds, not including recycled bonds, to aggregate depreciable basis plus land basis is less than or equal to the ratio of units that will be restricted pursuant to a CTCAC regulatory agreement.

Not Applicable

17. Minimum construction standards pursuant to CDLAC Regulation Section 5205 and Sections 10325(f)(7)(A) through (J) of the CTCAC Regulations will be incorporated into the project design for all new construction and rehabilitation projects.

Applicable

18. For all acquisition and rehabilitation projects, a minimum of $15,000 in hard construction costs will be expended for each unit.
Not Applicable

19. Other Rehabilitation Pool Requirements. The Project will comply with the requirement to complete rehabilitation work at a minimum of $60,000 in hard construction cost per unit as defined in CTCAC Regulation Section 10302(u), subject to the provisions of Internal Revenue Code Section 42(e)(3)(A)(ii)(I), expended only on immediate health and safety improvements, seismic and accessibility improvements and/or the replacement of major systems with a remaining useful life of less than ten years pursuant to CDLAC Regulation Section 5170.
Not Applicable

20. The Project will comply with the Preservation and Other Rehabilitation Project Priorities of Section 5230(b).
Not Applicable

21. The Project will comply with the New Construction Density and Local Incentives of Section 5230(c). At a minimum, the Project must continue to meet the criteria sufficient to retain 10 points.
Applicable

22. The Project will comply with the Exceeding Minimum Income Restrictions of Section 5230(d). At a minimum, the Project must continue to meet the criteria sufficient to retain 20 points.
Applicable

23. The Project will comply with the Exceeding Minimum Rent Restrictions of Section 5230(e). At a minimum, the Project must continue to meet the criteria sufficient to retain 10 points.
Applicable

24. The Project will comply with the General Partner Experience requirements of Section 5230(f)(1). At a minimum, the Project must continue to meet the criteria sufficient to retain 7 points.
Applicable

25. The Project will comply with the Management Company Experience requirements of Section 5230(f)(2). At a minimum, the Project must continue to meet the criteria sufficient to retain 3 points.
Applicable

26. The Project will comply with the New Construction Housing Type requirement of Section 5230(g). At a minimum, the Project must continue to meet the criteria sufficient to retain 10 points as a Large Family housing type.
Applicable

27. The Project will comply with the Leveraged Soft Resources requirements of Section 5230(h). At a minimum, the Project must continue to meet the criteria sufficient to retain 8 points.
Applicable

28. The Project will comply with the Readiness to Proceed requirements of Sections 5152 and 5230(i). At a minimum, the Project must continue to meet the criteria sufficient to retain 10 points.
Applicable

29. The Project will comply with the Affirmatively Furthering Fair Housing requirements of Section 5230(j)(1)(A). At a minimum, the Project must continue to meet the criteria sufficient to retain 10 points.
Applicable

30. The Project will comply with the Affirmatively Furthering Fair Housing requirements of Section 5230(j)(1)(B). At a minimum, the Project must continue to meet the criteria sufficient to retain 9 points.
Not Applicable

31. For a period of fifteen (15) years after the Project is placed in use, the Project will provide residents high speed internet service in each Project unit free of charge.
Not Applicable

32. For a period of fifteen (15) years after the Project is placed in use, the Project will provide residents a Service Coordinator. Service Coordinator responsibilities must include, but are not limited to: (a) providing tenants with information about available services in the community, (b) assisting tenants to access services through referral and advocacy, and (c) organizing community-building and/or other enrichment activities for tenants (such as holiday events, tenant council, etc.).

Applicable
Hours per Year: 1040

33. For a period of fifteen (15) years after the Project is placed in use, the Project will provide residents instructor-led adult educational, health and wellness, or skill building classes. This includes, but is not limited to: Financial literacy, computer training, home-buyer education, GED classes, and resume building classes, ESL, nutrition class, exercise class, health information/awareness, art class, parenting class, on-site food cultivation and preparation classes, and smoking cessation classes. Drop-in computer labs, monitoring or technical assistance shall not qualify.

Applicable
Hours per Year: 60

34. The Project will comply with the Cost Containment requirements of Section 5230(l). At a minimum, the Project must continue to meet the criteria sufficient to retain 12 points.

Applicable

35. As specified in Section 5144(c) of the Committee's Regulations, sponsors will be required to utilize CTCAC's Compliance Manual specifically Section VI: Qualify Tenants for Low Income Housing Tax Credit Units, to verify tenant income in conjunction with initial occupancy. No less than every three (3) years after the project is completed, the Sponsor must collect and retain the following income and verification documentation related to all the Federally Bond-Restricted units identified in the Committee Resolution: CTCAC Tax Income Calculation (TIC) or equivalent documentation, all associated source income documentation, evidence of the verifying income computation and unit lease.

Applicable

36. As specified in Section 5144(d) of the Committee's Regulations, compliance with the income and rental requirements of the Federally Bond-Restricted Units identified in the Committee Resolution and the Bond Regulatory Agreement must be demonstrated by the Applicants initial review of 20% of all management files associated with the Federally Bond-Restricted units and subsequent review every three years of 20% of all management files associated with the Federally Bond-Restricted units.

Applicable

37. As specified in Section 5144(e) of the Committee's Regulations, applicants are required to ensure an onsite inspection as well as an on-site review of the 20% Federally Bond-Restricted units is performed every 3 years after the Qualified Project Period has commenced.
The following entity will conduct the site and file inspections:
Not Applicable

STATE OF CALIFORNIA
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
ACCOUNTING SERVICES
901 P Street, Suite 213A
Sacramento, CA 95814
(916) 653-3255

FILING FEE INVOICE

PAYMENT IS DUE WITHIN 30 DAYS OF BOND CLOSING

Date: December 6, 2023

Invoice No.: FY 23-266
Application No.: 23-624
Analyst Initials: JS

To: William Wilcox
Bond Program Manager
City and County of San Francisco
1 South Van Ness 5th Floor
San Francisco, CA 94103

2nd Installment of fee levied pursuant to Section 8869.90 of the California Government Code:

NAME OF ISSUER:	City and County of San Francisco			
NAME OF PROJECT:	2550 Irving			
ALLOCATION AWARD DATE:	December 6, 2023			
ALLOCATION AWARD AMOUNT:	$51,846,000			
AMOUNT DUE:	Allocation award x .00035	=	$	18,146.10
	Less initial application fee	=	-$	1,200.00
	Amount Due	=	**$**	**16,946.10**

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

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

BOND ISSUANCE DATE:

PRINCIPAL AMOUNT OF BOND ISSUE: $

AMOUNT OF BOND ALLOCATION USED: $

REVISED AMOUNT DUE:	Amount issued x .00035	=	$	
	Less initial application fee	=	-$	1,200.00
	Revised Amount Due	=	$	

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

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on Wednesday, January 17th, 2024 at 2:00 p.m., in person at 1 South Van Ness Avenue, 5th Floor, San Francisco, California 94103 and by telephone at +1 415-906-4659, access code: 139 395 129#, the City and County of San Francisco (the "City") will conduct a public hearing (the "Public Hearing") at which time the City will hear and consider information concerning the proposed sale and issuance by the City of one or more multifamily affordable housing mortgage revenue bond issues (collectively, the "Bonds") in the respective maximum aggregate principal amounts set forth in the table below. The Bonds of each issue will be part of a plan of finance issued in one or more series from time to time, including bonds issued to refund such bonds in one or more series from time to time outstanding, and at no time to exceed in outstanding principal amount the maximum principal amount for such issue. The proceeds of each such issue of the Bonds will be loaned to the respective borrower/owner entity set forth in the table below (or an affiliate thereof or successor thereto) (each, a "Borrower"), or another entity to be formed by its general partner, which is expected to be as set forth in the table below, pursuant to a loan agreement (each, a "Loan Agreement") between the City and the applicable Borrower. The proceeds of each issue of the Bonds will be used by the applicable Borrower to finance the new construction, of the respective residential rental housing facility described in the table below. Each Project is or will be located in San Francisco, California at the address set forth in the table below (each, a "Project"). Each Project is or will be owned and operated by the Borrower set forth in the table below.

Max. Amount	*Borrower/Owner*	*General Partner*	*Type of Project*	*No. of Units*	*Street Addresses*
$95,866,019 Tax-Exempt	Transbay 2 Family, LP	Mercy Housing	New Construction	184	200 Folsom Street (Eastern portion), San Francisco CA
$51,846,000 Tax-Exempt	2550 Irving Associates, LP	Tenderloin Neighborhood Development Corporation	New Construction	90	2550 Irving St., San Francisco CA

Each issue of the Bonds will be paid entirely by the applicable Borrower from the revenues of the applicable Project, in accordance with the applicable Loan Agreement. Neither the full faith and credit nor the taxing power of the City, the State of California (the "State") or any other political corporation, subdivision or agency of the State is pledged to the payment of the principal, premium, if any, or interest on any of the Bonds, nor shall the City, the State or any other political corporation, subdivision or agency of the State be liable or obligated to pay the principal, premium, if any, or interest on any of the Bonds.

The Public Hearing is intended to comply with the public approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended.

All those interested in matters related to the issuance of any of the Bonds and to the financing of any of the Projects are invited to attend and be heard at this hearing by telephone only. Interested parties may call into the hearing at the time and number indicated above or submit written comments, which must be received prior to the Public Hearing, to the City, c/o William Wilcox, Mayor's Office of Housing and Community Development, 1 South Van Ness Avenue, 5th Floor, San Francisco, CA 94103.

Date: January 8, 2024

CITY AND COUNTY OF SAN FRANCISCO
Eric D. Shaw, Director
Mayor's Office of Housing and Community Development

Mayor's Office of Housing and Community Development
City and County of San Francisco

London N. Breed
Mayor

Eric D. Shaw
Director

January 17, 2024

RE: Multiple Projects January 17, 2024 Proof of TEFRA Publication

To whom it may concern,

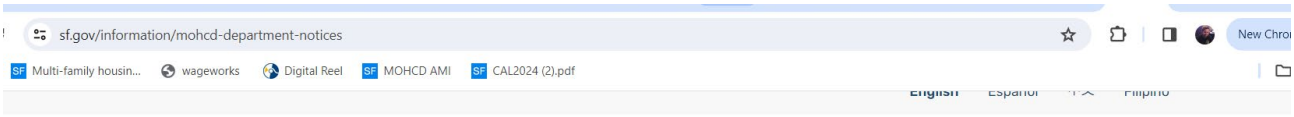
I am writing to confirm that the TEFRA notice for the Multiple Projects TEFRA hearing on January 17, 2024, was posted on our website's Notices Page on January 8, 2024, 9 days prior to the hearing. A screenshot of the posting is on the following page and the Notice itself will also be attached.

If you have any questions, please feel free to contact me (MOHCD Bond Program Manager, William Wilcox), at william.wilcox@sfgov.org.

Sincerely,

William R Wilcox

William Wilcox
Bond Program Manager
Mayor's Office of Housing & Community Development
City and County of San Francisco



SF.GOV

Services Departments Search

MOHCD department notices

General Notices

- January 8, 2024 Notice of January 17, 2024 Public Hearing for TEFRA for Multiple Projects (pdf)
- December 8, 2023 - Notice of December 14, 2023 Public Meeting on Housing and Community Development Needs for Program Year 2024-2025 (pdf)

Related

About Community Development

An overview of MOHCD's

One South Van Ness Avenue, Fifth Floor, San Francisco, CA 94103
Phone: 415.701.5500 Fax: 415.701.5501 TDD: 415.701.5503 www.sfmohcd.org

CERTIFICATE OF TEFRA PUBLICATION

This Certificate of Publication is executed this day for the purposes of demonstrating compliance with Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code") and applicable Treasury Regulations (the "Regulations"). The undersigned, as a duly qualified and appointed representative of the **City and County of San Francisco** (the "Issuer"), hereby certifies as follows:

1. A Notice of Public Hearing, attached as Exhibit A, with respect to the issuance of tax-exempt bonds/obligations (the "Bonds") of the Issuer for the benefit of the project described therein (the "Project"), was published on the Issuer's primary website address of https:/sfmohcd.org/notices on **January 8, 2024.**

2. The Notice of Public Hearing was posted in an area of the Issuer's website that is used to inform its residents about events affecting the residents and which is clearly identified and accessible to members of the general public seeking information concerning the issuance of the Bonds and the Project.

3. Evidence of the website publication of the Notice of Public Hearing is attached hereto as Exhibit B. This Issuer will maintain records showing that the Notice of Public Hearing containing the requisite information was timely posted on the Issuer's website.

4. The Notice of Hearing remained published on the Issuer's website for a period of at least seven (7) consecutive days, from the date specified in paragraph 1, above, through and including the hearing date, and the Issuer held the hearing as described in the Notice of Public Hearing on **Wednesday, January 17, 2024 at 2:00PM.**

5. Following the hearing, the Issuer submitted the request for approval of the Issuance of the Bonds and Project to the applicable elected representative of the Issuer as required by Section 147(f) of the Code and the Regulations.

Dated: **Wednesday, January 17, 2024 at 3:00PM**

CITY AND COUNTY OF SAN FRANCISCO

By: William R Wilcox

Name: William Wilcox
Title: Bond Program Manager
Mayor's Office of Housing and Community Development

EXHIBIT A

NOTICE OF PUBLIC HEARING

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on Wednesday, January 17th, 2024 at 2:00 p.m., in person at 1 South Van Ness Avenue, 5th Floor, San Francisco, California 94103 and by telephone at +1 415-906-4659, access code: 139 395 129#, the City and County of San Francisco (the "City") will conduct a public hearing (the "Public Hearing") at which time the City will hear and consider information concerning the proposed sale and issuance by the City of one or more multifamily affordable housing mortgage revenue bond issues (collectively, the "Bonds") in the respective maximum aggregate principal amounts set forth in the table below. The Bonds of each issue will be part of a plan of finance issued in one or more series from time to time, including bonds issued to refund such bonds in one or more series from time to time outstanding, and at no time to exceed in outstanding principal amount the maximum principal amount for such issue. The proceeds of each such issue of the Bonds will be loaned to the respective borrower/owner entity set forth in the table below (or an affiliate thereof or successor thereto) (each, a "Borrower"), or another entity to be formed by its general partner, which is expected to be as set forth in the table below, pursuant to a loan agreement (each, a "Loan Agreement") between the City and the applicable Borrower. The proceeds of each issue of the Bonds will be used by the applicable Borrower to finance the new construction, of the respective residential rental housing facility described in the table below. Each Project is or will be located in San Francisco, California at the address set forth in the table below (each, a "Project"). Each Project is or will be owned and operated by the Borrower set forth in the table below.

Max. Amount	*Borrower/Owner*	*General Partner*	*Type of Project*	*No. of Units*	*Street Addresses*
$95,866,019 Tax-Exempt	Transbay 2 Family, LP	Mercy Housing	New Construction	184	200 Folsom Street (Eastern portion), San Francisco CA
$51,846,000 Tax-Exempt	2550 Irving Associates, LP	Tenderloin Neighborhood Development Corporation	New Construction	90	2550 Irving St., San Francisco CA

Each issue of the Bonds will be paid entirely by the applicable Borrower from the revenues of the applicable Project, in accordance with the applicable Loan Agreement. Neither the full faith and credit nor the taxing power of the City, the State of California (the "State") or any other political corporation, subdivision or agency of the State is pledged to the payment of the principal, premium, if any, or interest on any of the Bonds, nor shall the City, the State or any other political corporation, subdivision or agency of the State be liable or obligated to pay the principal, premium, if any, or interest on any of the Bonds.

The Public Hearing is intended to comply with the public approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended.

All those interested in matters related to the issuance of any of the Bonds and to the financing of any of the Projects are invited to attend and be heard at this hearing by telephone only. Interested parties may call into the hearing at the time and number indicated above or submit written comments, which must be received prior to the Public Hearing, to the City, c/o William Wilcox, Mayor's Office of Housing and Community Development, 1 South Van Ness Avenue, 5th Floor, San Francisco, CA 94103.

Date: January 8, 2024

CITY AND COUNTY OF SAN FRANCISCO
Eric D. Shaw, Director
Mayor's Office of Housing and Community Development

EXHIBIT B

EVIDENCE OF PUBLICATION

Mayor's Office of Housing and Community Development
City and County of San Francisco

London N. Breed
Mayor

Eric D. Shaw
Director

January 17, 2024

RE: Multiple Projects January 17, 2024 Proof of TEFRA Publication

To whom it may concern,

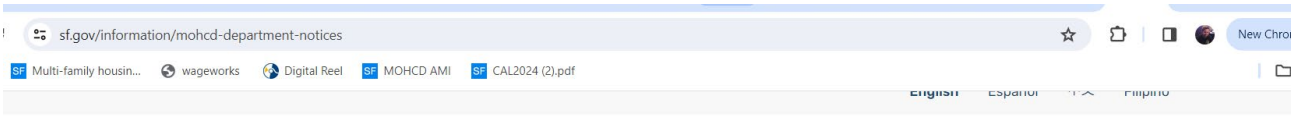
I am writing to confirm that the TEFRA notice for the Multiple Projects TEFRA hearing on January 17, 2024, was posted on our website's Notices Page on January 8, 2024, 9 days prior to the hearing. A screenshot of the posting is on the following page and the Notice itself will also be attached.

If you have any questions, please feel free to contact me (MOHCD Bond Program Manager, William Wilcox), at william.wilcox@sfgov.org.

Sincerely,

William R Wilcox

William Wilcox
Bond Program Manager
Mayor's Office of Housing & Community Development
City and County of San Francisco



SF.GOV

Services Departments Search

MOHCD department notices

General Notices

- January 8, 2024 Notice of January 17, 2024 Public Hearing for TEFRA for Multiple Projects (pdf)
- December 8, 2023 - Notice of December 14, 2023 Public Meeting on Housing and Community Development Needs for Program Year 2024-2025 (pdf)

Related

About Community Development

An overview of MOHCD's

One South Van Ness Avenue, Fifth Floor, San Francisco, CA 94103
Phone: 415.701.5500 Fax: 415.701.5501 TDD: 415.701.5503 www.sfmohcd.org

CITY AND COUNTY OF SAN FRANCISCO

Public Hearing as required by Section 147(f) of the Internal Revenue Code of 1986

Multiple Projects

Date: January 17, 2024

Time: 2:00 PM

Location: In person at 1 Van Ness Avenue, 5th Floor, Main Conference Room and via Telephone (USA Toll Free: +1 415-906-4659, access code: 139 395 129#)

Present: See Exhibit A - Sign-In Sheet

The hearing was held to obtain public comment on the proposed issuance by the City and County of San Francisco of one or more multifamily affordable housing tax-exempt mortgage revenue bond issues (collectively, the "Bonds") in the respective maximum aggregate principal amounts set forth in the table below. The proceeds of each such issue of the Bonds will be loaned to the respective borrower/owner entity set forth in the table below (or an affiliate thereof or successor thereto) (each, a "Borrower"), or another entity to be formed by its general partner, which is expected to be as set forth in the table below, pursuant to a loan agreement (each, a "Loan Agreement") between the City and the applicable Borrower. Each Project is or will be owned and operated by the Borrower set forth in the table below.

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$95,866,019 Tax-Exempt	Transbay 2 Family, LP	Mercy Housing	New Construction	184	200 Folsom Street (Eastern portion), San Francisco CA
$51,846,000 Tax-Exempt	2550 Irving Associates, LP	Tenderloin Neighborhood Development Corporation	New Construction	90	2550 Irving St., San Francisco CA

The public hearing convened at 2:00 PM. There were no written comments received on the proposed issuance. Except for the representatives from the Mayor's Office of Housing and Community Development and the project sponsors in Exhibit A - Sign-In Sheet and/or members of the public who declined to identify themselves, there were no members of the public in attendance in person or by telephone.

The hearing was adjourned at 2:30 PM.

Minutes prepared by: William R Wilcox
Date: January 17, 2024 William Wilcox

Exhibit A

Multiple Projects
TEFRA Hearing
SIGN-IN SHEET
Wednesday January 17, 2024 - 2:00 pm

Name	Organization	e-mail address
Sean Wils	Mercy Housing	Sean.Wils@mercyhousing.org
Samuel Ruiz Cervantes	Tenderloin Neighborhood Development Corporation	sruiz@tndc.org
Omar Masry	MOHCD	omar.masry@sfgov.org
William Wilcox	MOHCD	william.wilcox@sfgov.org
Kim Obstfeld	OCII	kimberly.obstfeld@sfgov.org

Project Description

Multifamily Securities Program
City and County of San Francisco

2550 Irving

Overview

The funds described in the "Financing Structure" section below will be used to finance the development of 2550 Irving, a 90-unit affordable multifamily housing project located at 2550 Irving Street, 94122 in the City and County of San Francisco (the "Project").

Upon completion, the Project will include approximately 100,505 square feet of gross floor area, comprised of 95,969 square feet of residential area and 4,536 square feet of non-residential area. Non-residential spaces will include a parking garage, bike storage, common areas for residents, a laundry room, a community kitchen, office and a meeting room, a roof terrace and garden, on site property management offices, and social services offices.

Total project costs, including the cost to acquire the land and construct new the building, will be approximately 102,778,845 dollars, or 1,141,987 dollars per dwelling unit.

The residential unit distribution, which will include 1 Manager's unit, is:

Unit type	Number of units
Studio	9
1-Bedroom	34
2-Bedroom	23
3-Bedroom	24

35 percent of the residential units will serve households earning less than 30 percent of the San Francisco County Area Median Income (AMI) and below, while the balance of units will 30-75 percent of AMI.

Residents

No residents will be displaced as the site is currently a vacant lot.

Site Description and Scope of Work

Address: 2550 Irving Street, San Francisco, California, 94122
Block/Lot: Block 1724/Lot 038
The scope of work for the Property amenities will include:

- Unit Amenities/Features: Dishwasher, Refrigerator, Range, Microwave, Ceiling Fans, Blinds.
- Project Amenities:
    - 2 Elevators

- 1 Laundry Room with 9 Washers and Dryers
- Community Room, with a Community Kitchen
- Tot Lot/Playground
- High Speed Internet
- Bike Parking
- Roof terrace and garden
- Gated Entry, with building card keys, and security cameras
- Roof Urban Agriculture Programming
- On-site social services and property management

Development and Management Team

Project Sponsor:	Tenderloin Neighborhood Development Corporation
General Contractor:	Guzman Construction Group
Architect of Record:	Pyatok Architects
Property Manager:	Tenderloin Neighborhood Development Corporation

Project Ownership Structure

Borrower Entity:	2550 Irving Associates, L.P.
Managing General Partner:	2550 Irving GP LLC

An investor will replace the initial Limited Partner, Taylor Family Housing, Inc., will and own a 99.99% interest in the borrower entity.

Turk Street, Inc. is the Sole Member of 2550 Irving GP LLC.

The Project Sponsor, and Manager of 2550 Irving GP LLC, is the Tenderloin Neighborhood Development Corporation.

Financing Structure

The following sources of capital financing are expected to be utilized:

- tax-exempt bonds issued by the City;
- 4% low income housing tax credits (LIHTC);
- HCD Multifamily Housing Program (MHP) and Infill Infrastructure Grant (IIG)
- Federal Home Loan Bank Affordable Housing Program (FHLB AHP)
- a conventional first mortgage; and
- soft debt from the City.

The sale of LIHTC will generate equity financing for the Project. The amount of private activity tax-exempt bonds used during construction will be sized specifically to meet the 50% of aggregate basis test required for the LIHTC.

Schedule

Financing is anticipated to close between April 2024 and May 2024, with construction commencing following closing. All construction is scheduled to be completed by November 2025.

Narrative Description of Project Sponsor Experience

TNDC was formed in 1981 to serve the low-income community of the Tenderloin neighborhood of San Francisco. Since that time, we have expanded to nine different parts of San Francisco, yet remain deeply committed to providing affordable homes and services for San Francisco residents with the lowest of incomes. TNDC began with the purchase of a single SRO and a desire to protect the neighborhood from speculative real estate and gentrification pressures as the hotel and financial districts began encroaching on the neighborhood. Since that first building purchase over 41 years ago, TNDC has grown its portfolio to include 44 buildings located throughout the City of San Francisco, providing over 4,100 homes.

As owner and asset manager, TNDC is committed to ensuring and monitoring the long-term social, physical, and financial goals of each building in our ownership portfolio; our team has tackled some large and complex acquisitions, proving that we have the capacity to take on projects within the TNDC development pipeline year-over-year. TNDC effectively owns and operates one of the largest portfolios of low-income tax credit housing within San Francisco, demonstrating our capacity to successfully own and operate new projects.

TNDC has completed development of over 40 rehab and new construction projects; these projects include over 1,000 units for formerly homeless households, demonstrating TNDC's deep knowledge and expertise in engaging communities to plan, finance, develop, operate, and provide supportive services to residents of affordable housing, including formerly homeless individuals, families, seniors, and those with special needs.

TNDC Asset Management has extensive experience managing complex regulatory and compliance requirements of the various local, state and federal agencies including Low Income Housing Tax Credits (LIHTC), California Department of Housing and Community Development (HCD), Community Development Block Grant (CDBG), HOME, San Francisco Mayor's Office of Housing and Community Development (SFMOHCD) and Office of Community Investment and Infrastructure (OCII) capital providers, as well as operating subsidy partners. Operating subsidy partners include: City of San Francisco Local Operating Subsidy Program (LOSP), San Francisco Housing Authority, HUD Project Based Voucher Section 8, Rental Assistance Demonstration (RAD), McKinney Shelter Plus Care, CalHFA Mental Health Services Act, and San Francisco Department of Homelessness and Supportive Housing (who contracts were previously administered by the San Francisco Department of Public Health and San Francisco Human Services Agency).

Key acquisition accomplishments include the Citizen's Housing Portfolio Acquisition in 2009, where we acquired 548 units of low-income housing across 6 buildings, many of which service Special Needs and Formerly Homeless families and individuals, and Rental Assistance Demonstration (RAD) Acquisitions, where we acquired 5 RAD properties that included 726 units. These experiences, in which TNDC took over ownership and property management of several buildings serving low-income individuals and families, demonstrates TNDC's capacity to manage its growth as the organization expands its portfolio. The department works in close collaboration with the Housing Development, Property Management and Accounting departments to achieve long-term sustainability of the organization's portfolio of 41 stabilized buildings.

TNDC was the first agency to implement a precursor to the “Fair Chance Ordinance” in 2012 for Kelly Cullen Community. Using this low-barrier tenant selection process, TNDC reduced the denial ratio from the average 50% to 6% from over 192 applications. By implementing a “Request for Consideration” with the application, those that may otherwise be denied for “standard” criminal screening were instead flagged up front, thereby circumventing appeals and reducing anxiety among this vulnerable population. Not only did this program receive praise from the Department of Public Health and the Corporation for Supportive Housing, it was also highlighted at a subsequent Housing California Conference.

PUBLIC DISCLOSURES RELATING TO CONDUIT REVENUE OBLIGATIONS

Pursuant to California Government Code Section 5852.1, the borrower (the "Borrower") identified below has provided the following required information to the City and County of San Francisco (the "City") prior to the City's regular meeting (the "Meeting") of its Board of Supervisors (the "Board") at which Meeting the Board will consider the authorization of conduit revenue obligations (the "Notes") as identified below.

1. Name of Borrower: **2550 Irving Associates, L.P., a California limited partnership**.

2. Board of Supervisors Meeting Date: April 23, 2024.

3. Name of Note Issue / Conduit Revenue Obligations: **City and County of San Francisco Multifamily Housing Revenue Note (2550 Irving) Series 2024C-1 and City and County of San Francisco Multifamily Housing Revenue Note (2550 Irving Series 2024C-2 (Taxable)**.

4. __ Private Placement Lender or Notes Purchaser, __ Underwriter or X Financial Advisor (mark one) engaged by the Borrower from which the Borrower obtained the following required good faith estimates relating to the Notes:

   (A) The true interest cost of the Notes, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of Notes (to the nearest ten-thousandth of one percent): **Rate during construction is variable, estimated at 8.17%.**

   (B) The finance charge of the Notes, which means the sum of all fees and charges paid to third parties: **$1,233,756 ($1,031,256 estimated to be paid upfront, $15,000 estimated to be paid during the term of the Notes and $187,500 through the end of the Regulatory Agreement compliance period)**.

   (C) The amount of proceeds received by the public body for sale of the Notes less the finance charge of the Notes described in subparagraph (B) and any reserves or capitalized interest paid or funded with proceeds of the Notes: **$54,102,611 ($62,418,295 estimated aggregate initial par less $8,315,684 estimated capitalized interest; all finance charges funded from a source other than Note proceeds).**

   (D) The total payment amount, which means the sum total of all payments the Borrower will make to pay debt service on the Notes plus the finance charge of the Notes described in subparagraph (B) not paid with the proceeds of the Notes (which total payment amount shall be calculated to the final maturity of the Notes): **$63,652,051 (consisting of estimated principal and interest payments of $62,418,295 and estimated finance charges identified in (B))**.

This document has been made available to the public at the Meeting of the Board.

Dated: March 26, 2024

SUNSET CHINESE CULTURAL DISTRICT
日落區中華文化區

April 24, 2024

Honorable Supervisor Engardio:

I write in full support of the 100% Affordable Housing at 2550 Irving Street. Please approve the project's request for final gap financing.

The Sunset Chinese Cultural District has been working with the 2550 project to ensure community accessible space in the project. As the first 100% Affordable Project in the Sunset in recent years, this project represents an opportunity to dispel myths about affordable housing and connecting families with the Sunset we know and love.

The Sunset has identified affordable housing as a priority in the Sunset Forward Community Needs Assessment. Our cultural district's goal of stabilizing our community includes a host of housing options, including first time homeownership, accessory dwelling units, and affordable housing. Our community's housing crisis needs projects like 2550 Irving to be part of the holistic approach to address our priority of affordable housing.

The SCCD in particular, looks forward to sharing office space in the ground floor of this project, to be able to connect our work and efforts with the residents at 2550 Irving and the community surrounding it. We have been proud to work with the TNDC team to ensure this project aligns with our community.

Sincerely,

Lily Wong
Director
Sunset Chinese Cultural District

WAH MEI

1400 Judah Street
San Francisco, CA 94122
www.wahmei.org
415-665-4212

April 24, 2024

Honorable Supervisor Engardio,

On behalf of Wah Mei, a legacy business of 50 years based in San Francisco's Sunset District, I write this letter in support of the 100% affordable housing project at 2550 Irving. Please approve the project's request for final gap financing.

Wah Mei is the lead agency for two major collaboratives, D4YFN, and SCCD, working to stabilize and support the Sunset community. Our agency serves 500 families daily, many of whom would benefit from affordable housing. Recently, we coordinated with SF Planning for a housing focus group of our families, who shared a deep interest in having more affordable housing in San Francisco. One participant, a parent and teacher within the Sunset, was eager to learn about the new teacher housing. Each new affordable housing has a direct impact on opportunities for our families to find stability and be able to continue to live in this community that we hold so dear.

2550 Irving will address critical needs for working families in the Sunset. We urge you to support this project.

Sincerely yours,

Ben Wong
Executive Director

cc: Omar Masry, Mayor's Office of Housing and Community Development
Shreya Shah, Tenderloin Community Development Corporation

DocuSign Envelope ID: D85246F3-3F9C-4102-A1C0-60D58BB2AFC0

San Francisco Ethics Commission
25 Van Ness Avenue, Suite 220, San Francisco, CA 94102
Phone: 415.252.3100 . Fax: 415.252.3112
ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #:

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4
(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)
A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of $100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: https://sfethics.org/compliance/city-officers/contract-approval-city-officers

Incomplete - Pending Signature

1. FILING INFORMATION

TYPE OF FILING	DATE OF ORIGINAL FILING (*for amendment only*)
Original	

AMENDMENT DESCRIPTION – Explain reason for amendment

2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

3. FILER'S CONTACT

NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Legislative Clerks Division	415-554-5184
FULL DEPARTMENT NAME	**EMAIL**
Office of the Clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Omar Masry	(628) 652-5839
FULL DEPARTMENT NAME	**DEPARTMENT CONTACT EMAIL**
MYR Mayor's Office of Comm. Dev.	omar.masry@sfgov.org

DocuSign Envelope ID: D85246F3-3F9C-4102-A1C0-60D58BB2AFC0

5. CONTRACTOR	
NAME OF CONTRACTOR 2550 Irving Associates Limited Partnership	**TELEPHONE NUMBER** (415) 776-2151
STREET ADDRESS (including City, State and Zip Code) 201 Eddy Street, San Francisco, CA 94102	**EMAIL**

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	**ORIGINAL BID/RFP NUMBER**	**FILE NUMBER (*If applicable*)**
DESCRIPTION OF AMOUNT OF CONTRACT $63,846,000		
NATURE OF THE CONTRACT *(Please describe)* Multifamily Housing Revenue Notes (Bonds for construction and financing) not to exceed $63,846,000 to allow the development of a 100% affordable housing development, at 2520-2550 Irving Street ("2550 Irving), featuring 90 units and ancillary ground floor community-serving space.		

Incomplete - Pending Signature

7. COMMENTS
Tenderloin Neighborhood Development Corporation (TNDC) is a member and general partner of 2550 Irving Associates Limited Partnership

8. CONTRACT APPROVAL	
This contract was approved by:	
☐	**THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM**
☒	**A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES** Board of Supervisors
☐	**THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS**

DocuSign Envelope ID: D85246F3-3F9C-4102-A1C0-60D58BB2AFC0

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Lamont/TNDC	Katie	CEO
2	Huey/TNDC	Roxanne	CFO
3	Leung/TNDC	Gordon	Other Principal Officer
4	Sharpe/TNDC	Amory	Other Principal Officer
5	Tran/TNDC	My	Other Principal Officer
6	Johnson/TNDC	Susan	Board of Directors
7	Pujals/TNDC	Fernando	Board of Directors
8	Edwards/TNDC	Tracey	Board of Directors
9	Bohee/TNDC	Tiffany	Board of Directors
10	Kim/TNDC	Kenneth	Board of Directors
11	Kroot/TNDC	Dave	Board of Directors
12	Graf/TNDC	Jane	Board of Directors
13	Cervantes/TNDC	Jim	Board of Directors
14	Cloutier/TNDC	Mark	Board of Directors
15	Rock/TNDC	Kathy	Board of Directors
16	Skurdenis/TNDC	Birute	Board of Directors
17	Liu/TNDC	Wylie	Board of Directors
18	Wolfe/TNDC	Kathy	Board of Directors
19	Martin/TNDC	Freddy	Board of Directors

Incomplete Pending Signature

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9. AFFILIATES AND SUBCONTRACTORS

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#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
20	Vuong/TNDC	Michael	Board of Directors
21	Schrand/TNDC	Margaret	Board of Directors
22	Caratan/TNDC	Kristine	Board of Directors
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9. AFFILIATES AND SUBCONTRACTORS

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#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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50			

☐ Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.

Incomplete - Pending Signature

10. VERIFICATION

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK	DATE SIGNED
BOS Clerk of the Board	

From:	Trejo, Sara (MYR)
To:	BOS Legislation, (BOS)
Cc:	Paulino, Tom (MYR); Nickolopoulos, Sheila (MYR); Masry, Omar (MYR); Amaral, Sara (MYR); Menard, Nicolas (BUD); ROUX, KENNETH (CAT); Goldberg, Jonathan (BOS)
Subject:	Mayor -- Resolution -- 2550 Irving Bond
Date:	Tuesday, April 2, 2024 2:48:21 PM
Attachments:	01 - 2550 Irving Multifamily Housing Revenue Note Bond Resolution.docx 01 - 2550 Irving Multifamily Housing Revenue Note Bond Resolution.pdf 02 – 2550 Irving DRAFT Project Loan Agreement.pdf 03 – 2550 Irving DRAFT Funding Loan Agreement.pdf 04 - 2550 Irving DRAFT Regulatory Agreement.pdf 05 - DRAFT 2550 Irving Assigment of Deed of Trust.pdf

Hello Clerks,

Attached is a Resolution authorizing the execution and delivery of a multifamily housing revenue note in one or more series in an aggregate principal amount not to exceed $63,846,000 for the purpose of providing financing for the construction of a 90-unit multifamily rental housing project known as “2550 Irving”; approving the form of and authorizing the execution of a funding loan agreement, providing the terms and conditions of the loan from the funding lender to the City, and the execution and delivery of the note; approving the form of and authorizing the execution of a project loan agreement providing the terms and conditions of the loan from the City to the borrower; approving the form of and authorizing the execution of an assignment of deed of trust and loan documents; approving the form of and authorizing the execution of a regulatory agreement and declaration of restrictive covenants; authorizing the collection of certain fees; approving modifications, changes and additions to the documents; ratifying and approving any action heretofore taken in connection with the back-to-back loans, the note and the project; granting general authority to City officials to take actions necessary to implement this Resolution; and related matters.

Please note, Supervisor Engardio is a cosponsor of this item.

Best regards,

Sara Trejo
Legislative Aide
Office of the Mayor
City and County of San Francisco
415.554.6141 | sara.trejo@sfgov.org