

---

---

**LOAN AGREEMENT**

among

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

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

and

**ALICE GRIFFITH PHASE 4, L.P.,**  
a California limited partnership,  
as Borrower

relating to

\$14,450,000  
City and County of San Francisco  
Multifamily Housing Revenue Bonds  
(Alice Griffith Phase 4 Apartments Project),  
Series 2017A

Dated as of [\_\_\_\_\_] 1, 2017

---

---

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

## TABLE OF CONTENTS

Page

### ARTICLE I

#### DEFINITIONS

Section 1.1.	Definitions.....	2
Section 1.2.	Construction.....	9

### ARTICLE II

#### REPRESENTATIONS AND COVENANTS

Section 2.1.	Representations by the Issuer.....	9
Section 2.2.	Representations by the Borrower.....	10
Section 2.3.	Covenants by the Borrower .....	16

### ARTICLE III

#### LOAN AND PROVISIONS FOR REPAYMENT

Section 3.1.	Issuance of Bonds and Delivery of Note and Other Loan Documents .....	19
Section 3.2.	Loan Repayments and Other Amounts .....	19
Section 3.3.	Payments Pledged and Assigned .....	21
Section 3.4.	Obligations of Borrower Hereunder Unconditional .....	22

### ARTICLE IV

#### ADVANCES

Section 4.1.	Requisition .....	22
--------------	-------------------	----

### ARTICLE V

#### SPECIAL COVENANTS OF THE BORROWER

Section 5.1.	Commencement and Completion of Project .....	22
Section 5.2.	Records and Accounts.....	23
Section 5.3.	Financial Statements and Information .....	23
Section 5.4.	Insurance .....	25
Section 5.5.	Liens and Other Charges.....	25
Section 5.6.	Inspection of Project and Books, Appraisals .....	25
Section 5.7.	Compliance With Laws, Contracts, Licenses, and Permits .....	26
Section 5.8.	Use of Proceeds.....	26
Section 5.9.	Borrower To Pay Excess Project Costs .....	26

Section 5.10.	Laborers, Subcontractors and Materialmen .....	27
Section 5.11.	Further Assurance of Title .....	27
Section 5.12.	Publicity .....	27
Section 5.13.	Further Assurances.....	27
Section 5.14.	Notices .....	28
Section 5.15.	Solvency; Adequate Capital.....	28
Section 5.16.	Management Agreement.....	28
Section 5.17.	Negative Covenants of the Borrower.....	29
Section 5.18.	Arbitrage and Tax Matters .....	30
Section 5.19.	Indemnification .....	36
Section 5.20.	Agreements Between Borrower and Its Affiliates .....	38
Section 5.21.	[Reserved] .....	38
Section 5.22.	Tax and Insurance Fund; Replacement Reserve; Operating Reserve .....	38
Section 5.23.	Covenants Regarding Tax Credits .....	39
Section 5.24.	Leasing.....	40
Section 5.25.	Compliance With Anti-Terrorism Regulations.....	42
Section 5.26.	Compliance With City Contracting Requirements .....	43

## ARTICLE VI

### OPTION AND OBLIGATIONS OF BORROWER TO PREPAY

Section 6.1.	Optional Prepayment .....	43
Section 6.2.	Mandatory Prepayment.....	44
Section 6.3.	Amounts Required for Prepayment .....	44
Section 6.4.	Cancellation at Expiration of Term.....	44

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES

Section 7.1.	Events of Default .....	45
Section 7.2.	Remedies on Default.....	47
Section 7.3.	No Remedy Exclusive.....	48
Section 7.4.	Agreement To Pay Fees and Expenses of Counsel.....	48
Section 7.5.	No Additional Waiver Implied by One Waiver; Consents to Waivers.....	49
Section 7.6.	Remedies Subject to Applicable Law .....	49
Section 7.7.	Cure by Investor Limited Partner .....	49
Section 7.8.	Issuer Exercise of Remedies .....	49

## ARTICLE VIII

### MISCELLANEOUS

Section 8.1.	General Provisions .....	50
Section 8.2.	Authorized Borrower Representative .....	50
Section 8.3.	Binding Effect.....	51

Section 8.4.	Execution in Counterparts.....	51
Section 8.5.	Amendments, Changes and Modifications .....	51
Section 8.6.	Severability .....	51
Section 8.7.	Notices .....	51
Section 8.8.	Applicable Law; Venue .....	51
Section 8.9.	Debtor Creditor Relationship.....	51
Section 8.10.	Usury; Total Interest .....	52
Section 8.11.	Term of This Loan Agreement .....	52
Section 8.12.	Nonrecourse .....	52
Section 8.13.	Limitation on Liability of the Issuer; Issuer May Rely.....	53
Section 8.14.	Waiver of Personal Liability .....	55
Section 8.15.	PATRIOT Act Notice .....	55
Section 8.16.	Assignment and Transfer of Note and Loan Documents.....	55
EXHIBIT A	LEGAL DESCRIPTION OF REAL ESTATE	
EXHIBIT B	FORM OF PROMISSORY NOTE	
EXHIBIT C	PROJECT APPROVALS TO BE OBTAINED	
EXHIBIT D	FORM OF APPROVED RESIDENTIAL LEASE	
EXHIBIT E	INSURANCE REQUIREMENTS APPLICABLE BEFORE CONVERSION	
EXHIBIT F	FORM OF MONTHLY LEASE UP REPORT	
EXHIBIT G	FORM OF STABILIZATION CERTIFICATE	
EXHIBIT H	CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS	

## LOAN AGREEMENT

**THIS LOAN AGREEMENT** dated as of [\_\_\_\_\_] 1, 2017 (together with all supplements, modifications and amendments thereto, this “Loan Agreement”) is among **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation and chartered city and county duly organized and validly existing under the City Charter and the Constitution and the laws of the State of California (together with its successors and assigns, the “Issuer”), **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, as trustee under the herein defined Indenture (together with any successor trustee hereunder and their respective successors and assigns, the “Trustee”), and **ALICE GRIFFITH PHASE 4, L.P.**, a California limited partnership (together with its successors and assigns, the “Borrower”).

### WITNESSETH:

WHEREAS, pursuant to Section 9.107 of the Charter of the Issuer, and Article 1 of Chapter 43 of the San Francisco Administrative Code and, to the extent applicable, Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (collectively, the “Act”), the Issuer is authorized to issue one or more series of its revenue bonds and to loan the proceeds thereof to finance the acquisition, construction and equipping of residential rental housing facilities to provide housing for persons of low and very low income; and

WHEREAS, by proceedings adopted pursuant to and in accordance with the provisions of the Act, the Issuer has authorized the issuance of its Multifamily Housing Revenue Bonds (Alice Griffith Phase 4 Apartments Project) Series 2017A in the maximum aggregate principal amount of \$14,450,000 (the “Bonds”) to finance a portion of the costs of the acquisition, construction and equipping of a 31-unit residential rental development to be known as Alice Griffith Phase 4 Apartments Project (the “Project”); and

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

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

WHEREAS, to secure its obligations under the Loan Agreement and the Note, the Borrower has executed (i) a Construction and Permanent Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing (as amended, modified or supplemented from time to time, the “Mortgage”), in favor of the Issuer, which is being assigned to the Trustee, (ii) an Assignment of Contracts, Plans and Specifications (as amended, modified or

supplemented from time to time, the “Assignment of Project Documents”) and (iii) a Collateral Assignment of Rights to Tax Credits and Partnership Interests (as amended, modified or supplemented from time to time, the “Security Agreement”), each dated as of even date with this Loan Agreement, for the benefit of the Trustee, as secured party;

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

## ARTICLE I

### DEFINITIONS

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

“*Accountant*” means Rubin Brown LLP, or such other independent certified public accountant or firm of independent certified public accountants, selected by the Borrower and approved by the Servicer, such approval not to be unreasonably withheld or delayed.

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

“*Approved Budget*” means the Proposed Budget approved by the Servicer in its reasonable discretion.

“*Architect*” means HKIT Architects.

“*Architect’s Contract*” means the [Standard Agreement], dated as of [\_\_\_\_], between [\_\_\_\_] and the Architect], providing for the design of the Improvements and the supervision of the construction and equipping thereof, including ongoing monthly inspection of the Improvements during construction, certification of Requisitions and certification of Completion, among other things, as such agreements may be amended from time to time.

“*Bank*” means JPMorgan Chase Bank, N.A., and its successors and assigns.

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

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

“*Co-General Partner*” means Alice Griffith Phase 4 MBS GP, Inc., a Missouri corporation, together with any permitted successors and assigns as co-general partner of Borrower.

“*Completion Date*” means [\_\_\_\_\_], as the same may be extended in accordance with the Construction Disbursement Agreement.

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

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

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

“*Contractor*” means Baines-Nibbi JV, a joint venture of Nibbi Brothers and Baines Construction, or another general contractor approved by the Majority Owner.

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

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

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

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

“*Financing Statements*” means Uniform Commercial Code Form 1 Financing Statement(s) from the Borrower and the Managing General Partner, and Co-General Partner for the benefit of the Trustee.

“*Generally Accepted Accounting Principles*” means the principles that are (a) consistent with the principles promulgated or adopted by the Financial Accounting Standards Board and its predecessors, as in effect from time to time, and (b) consistently applied with past financial statements of the Borrower adopting the same principles, provided that a certified public accountant would, insofar as the use of such accounting principles is pertinent, be in a position to

deliver an unqualified opinion (other than a qualification regarding changes in Generally Accepted Accounting Principles) as to financial statements in which such principles have been properly applied.

*“General Partner Documents”* means the Partnership Agreement.

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

*“Guarantor”* means McCormack Baron Salazar, Inc., a Missouri corporation and MBA Properties, Inc..

*“Guarantor Documents”* means the Guaranty and the Environmental Indemnity.

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

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

*“Improvements”* means the 31-unit multifamily rental housing project with related site improvements and amenities located on the Land and constructed, equipped and furnished in accordance with the Plans and Specifications.

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

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

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



*“Investor Limited Partner”* means [RBC Tax Credit Equity, LLC, an Illinois limited liability company], or its affiliate(s), that has been admitted as a limited partner in accordance with the Partnership Agreement, together with its successors and assigns.

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

*“Issuer Fee”* means an issuance fee in an amount equal to 0.25% of the original maximum aggregate principal amount of the Bonds (\$14,450,000.00) payable on or before the Closing Date pursuant to Section 18 of the Regulatory Agreement.

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

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

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

*“Management Agreement”* means the [Property Management Agreement] dated as of [\_\_\_\_\_], between the Borrower and the Manager, and any substitute agreement relating to the management of the Project.

*“Manager”* means McCormack Baron Management, Inc., a Missouri corporation, or any successor manager of the Project approved by the Servicer and the Issuer (which approval of the Issuer shall not be unreasonably withheld and shall be deemed granted if not rejected within 10 days of receipt of written request therefor).

*“Managing General Partner”* means Tabernacle V, LLC, a California limited liability company, together with any permitted successors and assigns as managing general partner of the Borrower.

*“Net Operating Income”* means, for any period, (a) the lesser of (i) actual Project Revenues for such period or (ii) Project Revenues as projected in the financial projections attached as Exhibit A to the Partnership Agreement, for such period, adjusted to reflect a 5% vacancy rate less (b) the greater of (i) Operating Expenses for such period or (ii) the allocable portion of Projected Operating Expenses.

*“Obligor(s)”* means the Borrower, the Co-General Partner, the Managing General Partner and the Guarantor.

*“Operating Expenses”* means, for any period, the aggregate amount of expenses incurred by the Borrower in connection with the Project pursuant to arm’s-length transactions for ordinary and necessary expenses sufficient to provide the amenities and services associated with a multifamily residential facility as follows: labor costs; general maintenance; legal and accounting fees relating solely to the operation of the Project (and not partnership administration, other than audit and other expenses incurred by the Borrower relating solely to the operation of the Project); general and administrative costs of the Borrower directly attributable to the Project (and not partnership administration) and advertising and marketing costs; supplies for the Project; noncapital repairs and replacements; leasing and brokerage commissions; management fees payable pursuant to the Management Agreement equal to the greater of \$78 per unit or current San Francisco Multifamily HUB per unit fee published by HUD; costs of licenses, permits and similar fees relating to property operations; premiums for insurance required pursuant to this Loan Agreement; charges for electricity and other utilities; real estate taxes, water and sewer rents and assessments; deposits made into the Replacement Reserve pursuant to Section 5.22 of this Loan Agreement; payments made into the Tax and Insurance Fund; expenditures funded by disbursements from the Tax and Insurance Fund; and all other expenses incurred in connection with the ordinary course of property operations and maintenance. The foregoing expenses and fees paid to Affiliates of the Borrower, with the Servicer’s consent, shall be included as Operating Expenses in an amount equal to the actual fees and expenses paid or payable to such Affiliate, but in no event greater than an amount that customarily would be paid to an unaffiliated third party on an arm’s-length basis for such services. Without limiting the generality of those items which shall be excluded from the definition of Operating Expenses, the following shall be specifically excluded from such calculation: depreciation, amortization and other noncash items; all partnership administrative expenses (including, without limitation, legal, accounting and other professional expenses); prepaid expenses which are not customarily prepaid in the ordinary course of business; any termination or similar fee in connection with financing for the Project; scheduled debt service and scheduled principal payments on Indebtedness related to the Project; penalties, late fees and similar charges arising from or on account of the Borrower’s failure to pay any monetary obligations; any costs, expenses or fees, including interest, payable by the Borrower on advances made by the Servicer, the Issuer or the Trustee after an Event of Default; and franchise and income taxes of the Borrower.

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

*“Partnership Agreement”* means the [Amended and Restated Agreement of Limited Partnership of the Borrower] dated as of [\_\_\_\_\_], among the Co-General Partner, the Managing General Partner, the Investor Limited Partner, and [RBC Tax Credit Manager II, Inc., a Delaware corporation], as Special Limited Partner, MBS ILP, Inc., a Missouri corporation, the withdrawing limited partner, and AG Phase 4 SLP, LLC, a Delaware limited liability company, the Class A Limited Partner, as the same may be amended, modified or supplemented from time to time, subject to the terms hereof.

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

“*Permanent Period Replacement Reserve Agreement*” means that certain Replacement Reserve Agreement, dated as of [\_\_\_\_\_], by and between the Borrower and CCRC.

“*Permitted Encumbrances*” shall have the meaning ascribed to such term in the Construction Disbursement Agreement.

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

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

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

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

“*Projected Operating Expenses*” means \$[\_\_\_\_\_] per annum (increased on an annual basis each [\_\_\_\_\_] beginning [\_\_\_\_\_] by 3.00%), plus actual costs of utilities, insurance and Impositions (provided that Impositions constituting real property taxes are based on the full assessed value of the Project following completion of construction and equipping of the Improvements as contemplated by this Loan Agreement and provided further that if the actual amount of real property taxes reflects a full or partial abatement or exemption, such abatement or exemption shall have been approved by the Servicer).

“*Project Revenues*” means, for any period, the revenues actually collected during such period (a) generated from all tenants and others occupying or having a right to occupy or use the Project or any portion thereof (including revenue from Section 8 vouchers and other operating subsidies), adjusted to reflect rental concessions over the term of any applicable lease, and (b) from the use and occupancy of any amenities and services of the Project, including vending machine income, net cable TV revenues, laundry service and parking income, but exclusive of (i) capital contributions, (ii) net proceeds from the sale or refinancing of the Project, (iii) net proceeds of insurance (other than proceeds of loss of rent insurance to the extent paid for apartment units occupied at the time of the loss), and net condemnation awards, (iv) security deposits and prepaid

rents to the extent not permitted to be released to the Borrower pursuant to the terms of leases, and (v) interest earnings.

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

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

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

*“Required Equity Funds”* means contributions by the Investor Limited Partner to the capital of the Borrower, for application to Project Costs in accordance with the Approved Budget, to be contributed and so applied in installments at times and in amounts approved by the Servicer, in the aggregate amount of [\_\_\_\_\_] Dollars (\$[\_\_\_\_\_]), subject to the terms of the Partnership Agreement.

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

*“Retainage”* shall have the meaning ascribed to such term in the Construction Disbursement Agreement.

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

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

*“Special Limited Partner”* means [RBC Tax Credit Manager II, Inc., a Delaware corporation], together with its permitted successors and assigns.

*“Stabilization”* means that the Improvements are 90% occupied by tenants meeting the requirements of the Loan Documents in each of three consecutive months and the ratio of Net Operating Income for each of the prior three months to maximum principal and interest payable in a month under the Loan Documents on the amount of the Bonds Outstanding is at least 1.15 to 1.0.

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

*“Tax and Insurance Fund”* has the meaning ascribed to such term in the Indenture.

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

“*Title Insurance Company*” means First American Title Company.

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

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

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

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

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

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

## ARTICLE II

### REPRESENTATIONS AND COVENANTS

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

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

(b) The Issuer has power and lawful authority to adopt the Resolution, to execute and deliver the Issuer Documents, to issue the Bonds and receive the proceeds of the Bonds, to apply or cause to be applied the proceeds of the Bonds to make the Loan, to assign the revenues derived and to be derived by the Issuer from the Loan to the Trustee,

and to perform and observe the provisions of the Issuer Documents and the Bonds on its part to be performed and observed.

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

(d) To the best knowledge of the Issuer, there is no litigation pending or, to the knowledge of the Issuer, threatened, in any court, either state or federal, calling into question (i) the creation, organization or existence of the Issuer, (ii) the validity of the Issuer Documents or the Bonds, (iii) the authority of the Issuer to adopt, make or perform, as the case may be, the Issuer Documents or to issue, execute and deliver the Bonds or (iv) the exclusion from gross income of interest on the Bonds for purposes of federal income taxation.

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

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

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

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

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

properly in office and fully authorized to execute the same. This Loan Agreement and the Loan Documents have been duly authorized, executed and delivered by the Borrower.

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

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

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

(e) The Borrower is, and will at all times be, a Single Purpose Entity. The address of the Borrower's chief executive office and principal place of business is Alice Griffith Phase 4, L.P., c/o McCormack Baron Salazar, 720 Olive Street, Suite 2500, St. Louis, Missouri 63101, Attention: Hillary Zimmerman. The organizational identification number for the Borrower is 201627200005. The federal employer identification number for the Borrower is 37-1838225.

(f) On the Closing Date, the Borrower will hold a leasehold interest in the Land and fee interest in the current and to-be-built Improvements, in each case subject only to the Permitted Encumbrances. The Borrower possesses, and will at all times possess, all franchises, patents, copyrights, trademarks, trade names, licenses and permits, and rights in respect of the foregoing, adequate for the conduct of its business substantially as now

conducted or as it is intended to be conducted with respect to the Project, without any known conflict with any rights of other parties.

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

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

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

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

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

(l) The certifications, representations, warranties, statements, information and descriptions contained in the Loan Documents and in the Borrower's Tax Certificate, as of the date of the first authentication and delivery of the Bonds, are and will be true, correct



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

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

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

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

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

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

(r) The Borrower has not entered into the Loan or any Loan Document with the actual intent to hinder, delay or defraud any creditor, and the Borrower has received reasonably equivalent value in exchange for its obligations under the Loan Documents. Giving effect to the transactions contemplated by the Loan Documents, the fair salable value of the Borrower's assets exceeds and will, immediately following the execution and delivery of the Loan Documents, exceed the Borrower's total liabilities, including subordinated, unliquidated, disputed or contingent liabilities. The fair salable value of the

Borrower's assets is and will, immediately following the execution and delivery of the Loan Documents, be greater than the Borrower's probable liabilities, including the maximum amount of its contingent liabilities or its debts as such debts become absolute and matured. The Borrower's assets do not and, immediately following the execution and delivery of the Loan Documents, will not, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. The Borrower does not intend to, and does not believe it will, incur debts and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such debts as they mature (taking into account the timing and amounts to be payable on or in respect of obligations of the Borrower).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Indemnify the Issuer, the Trustee, the Owners and the Servicer against claims of brokers arising by reason of the execution hereof or the consummation of the transactions contemplated hereby;

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

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

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

(h) Take, or require to be taken, such acts as may be required under applicable law or regulation in order that the interest on the Bonds continues to be excludable from gross income for purposes of federal income taxation and refrain from taking any action which would adversely affect the exclusion from gross income of interest on the Bonds from federal income taxation;

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

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

(k) [Reserved];

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

Agreement or any other Loan Documents, and commence, pursue and complete construction and equipping of the Improvements as provided herein and in the Construction Disbursement Agreement;

(m) Pay all third-party fees of the financing, including, but not limited to, the following:

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

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

(iii) The Issuer Fee and the Issuer Annual Fee, payable to the City as set forth in Section 18 of the Regulatory Agreement, and the reasonable fees and expenses of the Issuer or any agents, attorneys, accountants or consultants selected by the Issuer to act on its behalf in connection with this Loan Agreement, the Regulatory Agreement, the Bonds or the Indenture, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds or in connection with any litigation which may at any time be instituted involving this Loan Agreement, the Regulatory Agreement, other Issuer Documents, the Bonds or the Indenture or any of the other documents contemplated thereby or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the foregoing; and

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

The Borrower acknowledges that, to the extent that regulations of the Comptroller of the Currency or any other applicable regulatory agency require granting the Borrower the right to

receive brokerage confirmations of securities transactions as they occur, the Borrower specifically waives the right to receive such confirmations.

### **ARTICLE III**

#### **LOAN AND PROVISIONS FOR REPAYMENT**

##### **Section 3.1. Issuance of Bonds and Delivery of Note and Other Loan Documents.**

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

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

(c) Pursuant to the Indenture, the Trustee shall make disbursements from the Project Fund created pursuant to the Indenture to pay or to reimburse the Borrower for costs of the acquisition, construction and equipping of the Project, subject to the conditions of the Indenture and this Loan Agreement. Upon receipt of a properly signed Requisition approved by the Servicer (which approval of the Servicer is expressly subject to the satisfaction of the conditions precedent set forth in the Construction Disbursement Agreement), the Trustee is authorized to act upon such Requisition without further inquiry, and except for negligence after notice of facts to the contrary or willful misconduct of the Trustee, the Borrower shall hold the Trustee harmless against any and all losses, claims or liabilities incurred in connection with the Trustee's making disbursements from the Project Fund in accordance with such Requisition. Neither the Trustee nor the Issuer shall be responsible for the application by the Borrower of moneys properly disbursed from the Project Fund.

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

##### **Section 3.2. Loan Repayments and Other Amounts.**

(a) The Borrower shall pay to the Trustee, for deposit into the Revenue Fund, on the first day of each month commencing [\_\_\_\_\_]1, 2017 and continuing until the Conversion Date, an amount equal to the sum of (i) the interest due on the Bonds on

said date (after taking into account funds available for such purpose, if any, in the Capitalized Interest Account of the Project Fund), plus (ii) amounts required to be deposited into the Tax and Insurance Fund pursuant to Section 5.22(a) of this Loan Agreement) as of such date. On and after the Conversion Date, the Borrower shall pay to the Trustee, for deposit into the Revenue Fund, principal, interest and other amounts due and payable pursuant to the terms of the Note, as modified by the permanent period Note Addendum, at the times required thereby, and shall pay to the Trustee, for delivery by the Trustee to CCRC, any amount then required to be deposited into the Replacement Reserve pursuant to Section 5.22(b) and the Permanent Period Replacement Reserve Agreement and any amount then required to be deposited into the Operating Reserve pursuant to Section 5.22(c) and the Construction Disbursement Agreement. Amounts so paid to the Trustee by the Borrower shall be in immediately available funds or shall be such that on the Bond Payment Date they are available funds.

(b) The Borrower understands that the interest rates applicable under the Note and with respect to the Bonds are based upon the assumption that interest income paid on the Bonds will be excludable from the gross income of the Owners under Section 103 of the Code (except to the extent that an Owner is a “substantial user” of the Project within the meaning of Section 147(a) of the Code or a Related Person to such substantial user) and applicable state law. In the event that an Initial Notification of Taxability shall occur, then the interest rates on the Note and the Bonds, and on all obligations under this Loan Agreement (other than those to which the Alternative Rate applies) shall, effective on the date of such Initial Notification of Taxability, be increased to a rate equal to the Taxable Rate. The Borrower shall, in addition, pay to the Trustee, for deposit into the Revenue Fund, promptly upon demand from the Trustee or the Servicer, an amount equal to the Additional Interest payable on the Bonds. The Borrower shall also indemnify, defend and hold the Owners harmless from any penalties, interest expense or other costs, including reasonable attorneys’ fees (including all reasonably allocated time and charges of Owners’ and Trustee’s “outside” counsel) and accountants’ costs, resulting from any dispute with the Internal Revenue Service concerning the proper tax treatment of the Bonds and any interest payable to any Owner with respect to the Bonds. The obligations of the Borrower under this Section 3.2(b) shall survive termination of this Loan Agreement and the Note and repayment of the Loan. If, following any increase in interest rates pursuant to this Section 3.2(b), a final determination is made, to the satisfaction of the Owners, that interest paid on the Bonds is excludable from the Owners’ gross income under Section 103 of the Code except to the extent that an Owner is a “substantial user” of the Project or a “related person” within the meaning of Section 147(a) of the Code) and applicable state law, the Owners shall promptly refund to the Borrower any Additional Interest and other additional amounts paid by the Borrower pursuant to this Section 3.2(b).

(c) The Borrower agrees to pay the Trustee Fee and Trustee Expenses to the Trustee and agrees to pay the Issuer Fee and the Issuer Annual Fee to the Issuer. The Borrower also agrees to pay all fees, charges and expenses of the Trustee and the Issuer, respectively (including, without limitation, the reasonable, actually incurred fees and expenses of counsel to the Issuer, Bond Counsel and counsel to the Trustee), as and when the same become due. The Borrower also agrees to pay the printing and engraving costs of the Bonds, including any certificates required to be prepared for use in connection with



any exchanges of Bonds for the cost of which Owners are not liable. The Borrower also agrees to pay the Loan Fees to the Bank on or before the Closing Date, to pay the fees of the Majority Owner and the Servicer, and to pay all reasonable costs and expenses incurred by the Majority Owner and the Servicer in connection with the administration of the Bonds, the Loan or the collateral therefor, and any amendments, modifications or “workouts” thereof, including, without limitation, reasonable attorneys’ fees and costs (including allocated costs of in-house attorneys), fees and costs of engineers, accountants, appraisers and other consultants, title insurance premiums and recording costs upon receipt of written demand therefor.

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

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

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

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

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

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

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

## **ARTICLE IV**

### **ADVANCES**

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

## ARTICLE V

### SPECIAL COVENANTS OF THE BORROWER

**Section 5.1. Commencement and Completion of Project.** The Borrower will commence construction and equipping of the Improvements within 90 days after the Closing Date, will diligently pursue construction and equipping of the Improvements, will attain Completion prior to the Completion Date, and will pay all sums and perform all such acts as may be necessary or appropriate to complete such construction and equipping, all as more fully set forth in the Construction Disbursement Agreement.

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

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

(a) as soon as available, but in any event not later than 120 days after the end of each fiscal year of the Borrower, beginning for the year ended [December 31, 2017], the audited balance sheet of the Borrower at the end of such year, and the related audited statement of income, statement of retained earnings, changes in capital, and statement of cash flows for such year, and a statement of all contingent liabilities of the Borrower which are not reflected in such financial statements or referred to in the notes thereto, each setting forth in comparative form the figures for the previous fiscal year and all such statements to be in reasonable detail, prepared in accordance with Generally Accepted Accounting Principles, and accompanied by an auditor's report prepared without qualification by the Accountant, provided that no such financial reports shall be required to be delivered until the fiscal year during which an Event of Default occurs under any Loan Document or the Project receives a temporary Certificate of Occupancy, whichever comes first;

(b) as soon as available, but in any event not later than 120 days after the end of each fiscal year of the Guarantor, beginning for the year ended [December 31, 2017], the audited balance sheet of the Guarantor at the end of such year, and the related audited statement of income, statement of retained earnings, changes in capital, and statement of cash flows for such year, and a statement of all contingent liabilities of the Guarantor which are not reflected in such financial statements or referred to in the notes thereto, each setting forth in comparative form the figures for the previous fiscal year and all such statements to be in reasonable detail, prepared in accordance with Generally Accepted Accounting Principles, and accompanied by an auditor's report prepared without qualification by the Accountant;

(c) as soon as available, but in any event not later than 25 days after the end of each calendar month after completion of Project construction, copies of the balance sheet of the Borrower as at the end of such month, and the related statement of income, statement of retained earnings, changes in capital, and statement of cash flows for the portion of the Borrower's fiscal year then elapsed, all in reasonable detail and prepared in accordance with Generally Accepted Accounting Principles, together with a certification by the chief financial officer of the Borrower that the information contained in such financial statements fairly presents the financial position of the Borrower on the date thereof (subject to year-end adjustments), provided that no such financial reports shall be required to be delivered until the calendar quarter during which an Event of Default occurs under any Loan Document or the Project receives a temporary Certificate of Occupancy, whichever comes first;

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

(e) within 15 days after the end of each calendar month, commencing with the month in which the construction of the Project is substantially complete and continuing until the month in which Stabilization occurs, (i) a current rent roll and schedule of aging lease receivables as of the end of such month, in form and level of detail reasonably acceptable to the Servicer, detailing, with respect to each Lease, the tenant's name, the Lease date, the premises demised, the term, the rent, the security deposit and any rent paid more than one month in advance, (ii) a leasing report setting forth the Borrower's efforts to market and lease the then unleased space in the Improvements and the results of such efforts, accompanied by a certificate of the Borrower in the form attached hereto as Exhibit F, and (iii) an operating report for the Project for such month, in form and level of detail reasonably acceptable to the Servicer, together with a certification by the chief financial officer that the information in all of the items required pursuant to this Section 5.3(e) is true and correct;

(f) quarterly, on the first day of each calendar quarter beginning with the quarter in which the Project achieves Completion and ending in the quarter in which the Project achieves Stabilization, a certificate in the form set forth in Exhibit G hereto;

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

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

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

#### **Section 5.4. Insurance.**

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

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

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

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

#### **Section 5.6. Inspection of Project and Books; Appraisals.**

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

(b) The Borrower shall permit the Issuer, the Trustee and the Servicer, upon reasonable notice at reasonable times, at the Borrower's cost and expense, to examine the books of account of the Borrower and the Project (and to make copies thereof and extracts

therefrom) and to discuss the affairs, finances and accounts of the Borrower and the Project with, and to be advised as to the same by, its officers, partners or trustees, all at such reasonable times and intervals as the Issuer, the Trustee and the Servicer may reasonably request, provided that so long as no Event of Default shall have occurred and no Default shall have occurred and be continuing, the Borrower shall only be obligated to pay the expenses associated with one such investigation during any 12-month period.

(c) The Issuer, the Trustee and the Servicer shall have the right to obtain from time to time, at the Borrower's cost and expense, updated Appraisals of the Project, provided that so long as no Event of Default shall have occurred and be continuing, the Borrower shall only be obligated to pay for one such Appraisal.

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

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

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

**Section 5.9. Borrower To Pay Excess Project Costs.** The Borrower will pay when due all costs of acquisition, construction and equipping of the Project in excess of the proceeds of the Bonds, regardless of the amount. If, at any time, the Servicer shall in its sole discretion determine that the remaining undisbursed portion of the Project Fund, together with the undisbursed balance of Required Equity Funds, and any other sums previously deposited or to be deposited by the Borrower in connection with the Project, is or will be insufficient to complete the construction and equipping of the Improvements in accordance with the Plans and Specifications, to operate and carry the Project after Completion until Stabilization, to pay all other Project Costs, to pay all interest accrued or to accrue on the Bonds from and after the Closing Date or until Stabilization, and to pay all other sums due or to become due under the Loan Documents (or any budget category or line item), regardless of how such condition may be caused, the Borrower will, within 30 days after written notice of such determination from the Servicer, deposit with the Trustee such sums of money in cash as the Servicer may require, in an amount sufficient to remedy the condition described in such notice, and sufficient to pay any liens for labor and materials alleged to be due and payable at the time in connection with the Improvements, and at the Servicer's direction, no further disbursements from the Project Fund shall be made by the Trustee until the provisions of this Section have been fully complied with. The Servicer may direct the Trustee to enforce the Completion Agreement in accordance with its terms, and upon such direction, the Trustee shall proceed to enforce the Completion Agreement. All such deposited sums shall constitute additional security under the Loan Documents and, prior to the occurrence of an Event of Default, shall be

disbursed by the Trustee in the same manner as disbursements under the Indenture before any further disbursements from the Project Fund shall be made by the Trustee. Notwithstanding the above, in the event amounts deposited hereunder are actually in excess of the amount necessary to achieve Completion, such excess amounts shall be returned to the Borrower in accordance with Section 5.03 of the Indenture.

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

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

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

**Section 5.13. Further Assurances.**

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

(b) ***Regarding Preservation of Collateral.*** The Borrower will execute and deliver to the Issuer, the Trustee and the Servicer such further documents, instruments, assignments and other writings, and will do such other acts necessary or desirable, to

preserve and protect the collateral at any time securing or intended to secure the obligations of the Borrower under the Loan Documents, as the Issuer, the Trustee and the Servicer may require.

(c) ***Regarding This Loan Agreement.*** The Borrower will cooperate with the Issuer, the Trustee and the Servicer, and will do such further acts and execute such further instruments and documents as the Issuer, the Trustee and the Servicer shall reasonably request to carry out to their satisfaction the transactions contemplated by this Loan Agreement and the other Loan Documents.

(d) ***Bank of Account.*** Prior to the Conversion Date, the Borrower will utilize the Bank as its principal bank of account, including all construction disbursement, operating accounts, and reserve accounts.

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

**Section 5.15. Solvency; Adequate Capital.** The Borrower will:

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

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

**Section 5.16. Management Agreement.**

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

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



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

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

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

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

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

(b) ***No Amendments, Terminations or Waivers.*** Neither the Borrower nor the Managing General Partner nor the Co-General Partner shall amend, supplement, terminate or otherwise modify or waive any provision of its Organizational Documents or any documents relating to the contribution of equity by the partners of the Borrower in a manner that would have a material adverse effect on the Issuer or the Owners without obtaining the prior written consent of the Servicer, [provided that prior written consent of the Servicer shall not be required for the withdrawal of [CP Development] as a partner under the Partnership Agreement and the execution of documents required to effectuate such withdrawal].

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

(i) Indebtedness arising under the Loan Documents;

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

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

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

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

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

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

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

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

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

(h) ***Preservation of Tax Exemption.*** The Borrower will not take any action that would adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation, nor omit or fail to take any action required to maintain the exclusion of interest on the Bonds from gross income for purposes of federal income taxation (in each case, except to the extent that an Owner is a "substantial user" of the Project within the meaning of Section 147(a) of the Code or a Related Person to such substantial user).

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

(a) ***General.*** The Borrower shall not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the excludability of interest on the Bonds from gross income, as defined in Section 61 of the Code, for federal income tax purposes. Capitalized terms used in this Section 5.18 shall have the respective meanings assigned to them in the Regulatory Agreement or, if not defined therein, in the Indenture. With the intent not to limit the generality of the foregoing, the Borrower covenants and agrees that, prior to the final maturity of the Bonds, unless it has received and filed with the Issuer and the Trustee an opinion of Bond Counsel to the effect that such action or omission would not adversely affect the excludability of interest on the Bonds

from gross income (other than interest on any Bond for a period during which such Bond is held by a “substantial user” within the meaning of Section 147(a) of the Code of any facility financed with the proceeds of the Bonds or a Related Person to such substantial user), the Borrower will comply with this Section 5.18.

(b) ***Use of Proceeds.*** The use of the proceeds of the Bonds at all times will satisfy the following requirements:

(i) ***Limitation on Proceeds.*** At least 95% of the proceeds of the Bonds actually expended shall be used to pay Qualified Costs of the Project that are costs of a “qualified residential rental project” (within the meaning of Sections 142(a)(7) and 142(d) of the Code) and property that is “functionally related and subordinate” thereto (within the meaning of Sections 1.103-8(a)(3) and 1.103-8(b)(4)(iii) of the Regulations).

(ii) ***Limit on Costs of Issuance.*** The proceeds of the Bonds will be expended for the purposes set forth in this Loan Agreement and in the Indenture and no portion thereof in excess of 2% of the proceeds of the Bonds, within the meaning of Section 147(g) of the Code, will be expended to pay Costs of Issuance of the Bonds.

(iii) ***Prohibited Facilities.*** The Borrower shall not use or permit the use of any proceeds of the Bonds or any income from the investment thereof to provide any airplane, skybox, or other private luxury box, health club facility, any facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(iv) ***Limitation on Land.*** Less than 25% of the proceeds of the Bonds actually expended will be used, directly or indirectly, for the acquisition of land or an interest therein. Notwithstanding the immediately preceding sentence, no portion of the proceeds of the Bonds will be used, directly or indirectly, for the acquisition of land or an interest therein to be used for farming purposes.

(v) ***Limitation on Existing Facilities.*** No portion of the proceeds of the Bonds will be used for the acquisition of any existing property or an interest therein unless (A) the first use of such property is pursuant to such acquisition or (B) the rehabilitation expenditures with respect to any building and the equipment therefor equal or exceed 15% of the cost of acquiring such building financed with the proceeds of the Bonds (with respect to structures other than buildings, this clause shall be applied by substituting 100% for 15%). For purposes of the preceding sentence, the term “rehabilitation expenditures” shall have the meaning set forth in Section 147(d)(3) of the Code.

(vi) ***Accuracy of Information.*** The information furnished by the Borrower and used by the Issuer in preparing the certificate pursuant to Section 148 of the Code and information statement pursuant to Section 149(e) of the Code is accurate and complete as of the date of the issuance of the Bonds.

(vii) *Limitation of Project Expenditures.* The acquisition, construction and equipping of the Project were not commenced (within the meaning of Section 144(a) of the Code) prior to the sixtieth day preceding November 1, 2016, being the effective date of the reimbursement resolution adopted with respect to the Project, and no obligation for which reimbursement will be sought from proceeds of the Bonds relating to the acquisition, construction or equipping of the Project was paid or incurred prior to 60 days prior to such date.

(c) *Limitation on Maturity.* Taking into account the maturity of the Bonds, the average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the Project to be financed by the Bonds, weighted in proportion to the respective cost of each item comprising the property the cost of which has been or will be financed, directly or indirectly, with the proceeds of the Bonds. For purposes of the preceding sentence, the reasonably expected economic life of property shall be determined as of the later of (i) the Closing Date for the Bonds or (ii) the date on which such property is placed in service (or expected to be placed in service). In addition, land shall not be taken into account in determining the reasonably expected economic life of property.

(d) *No Arbitrage.* The Borrower shall not take any action or omit to take any action with respect to the Gross Proceeds of the Bonds (within the meaning of the Code) or of any amounts expected to be used to pay the principal thereof or the interest thereon which, if taken or omitted, respectively, would cause any Bond to be classified as an “arbitrage bond” within the meaning of Section 148 of the Code. Except as provided in the Indenture and this Loan Agreement, the Borrower shall not pledge or otherwise encumber, or permit the pledge or encumbrance of, any money, investment, or investment property as security for payment of any amounts due under this Agreement or the Note relating to the Bonds, shall not establish any segregated reserve or similar fund for such purpose and shall not prepay any such amounts in advance of the redemption date of an equal principal amount of the Bonds, unless the Borrower has obtained in each case an opinion of Bond Counsel, a copy of which shall be provided to the Issuer. The Borrower shall not, at any time prior to the final maturity of the Bonds, direct or permit the Trustee to invest such Gross Proceeds in any investment (or to use such Gross Proceeds to replace money so invested), if, as a result of such investment the yield of all investments acquired with such Gross Proceeds (or with money replaced thereby) on or prior to the date of such investment exceeds the yield of the Bonds to Maturity Date except as permitted by Section 148 of the Code and Regulations thereunder or as provided in the Regulatory Agreement. The Borrower further covenants and agrees that it will comply with and will take all action reasonably required to insure that the Trustee complies with all applicable requirements of said Section 148 and the rules and Regulations thereunder relating to the Bonds and the interest thereon, including the employment of a Rebate Analyst for the calculation of rebatable amounts (including any yield reduction payments pursuant to Section 148 of the Code) to the United States Treasury Department (the “Rebate Amount”). The Borrower agrees that it will cause the Rebate Analyst to calculate the Rebatable Amount prior to the Conversion Date, annually not later than 45 days after the anniversary of the Closing Date and subsequent to the Conversion Date, not later than 45 days after the fifth anniversary of the Closing Date and each five years thereafter, and not later than 45 days after the redemption of all outstanding Bonds or the Maturity Date

(each referred to herein as a “Computation Date”) and agrees that the Borrower will pay all costs associated therewith.

(e) ***No Federal Guarantee.*** Except to the extent permitted by Section 149(b) of the Code and the Regulations and rulings thereunder, the Borrower shall not take or omit to take any action which would cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

(f) ***Representations.*** The Borrower has supplied or caused to be supplied to Bond Counsel all documents, instruments and written information requested by Bond Counsel, and all such documents, instruments and written information supplied by or on behalf of the Borrower at the request of Bond Counsel, which have been reasonably relied upon by Bond Counsel in rendering its opinion with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, are true and correct in all material respects, do not contain any untrue statement of a material fact and do not omit to state any material fact necessary to be stated therein in order to make the information provided therein, in light of the circumstances under which such information was provided, not misleading, and the Borrower is not aware of any other pertinent information which Bond Counsel has not requested.

(g) ***Covenant re Program Investments.*** The Borrower and related parties to the Borrower may not purchase Bonds in an amount related to the Loan under the Loan Agreement. The term “related party” means any member of the same controlled group as the Borrower. The term “controlled group” means a group of entities directly or indirectly subject to control by the same person or persons, including the person that has the control of the other entities.

(h) ***Arbitrage Rebate.*** The Borrower agrees to take all steps necessary to compute and pay any rebatable arbitrage in accordance with Section 148(f) of the Code, including:

(i) ***Delivery of Documents and Money on Computation Dates.*** The Borrower will deliver to the Trustee, within 55 days after each Computation Date:

(A) a statement, signed by the Borrower, stating the Rebate Amount as of such Computation Date;

(B) (1) if such Computation Date is a Computation Date subsequent to which a Rebate Amount may be owed, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to at least 90% of the Rebate Amount as of such Computation Date, less any “previous rebate payments” made to the United States (as that term is used in Section 1.148-3(f)(1) of the Regulations), or (2) if such Computation Date is the Computation Date resulting from the Maturity Date or redemption of all outstanding Bonds, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to the Rebate Amount as of such Computation Date, less any “previous rebate

payments” made to the United States (as that term is used in Section 1.148-3(f)(1) of the Regulations); and

(C) an Internal Revenue Service Form 8038-T properly signed and completed as of such Computation Date.

(ii) *Correction of Underpayments.* If the Borrower shall discover or be notified as of any date that any payment paid to the United States Treasury pursuant to this Section 5.18 of an amount described in Section 5.18(h)(i)(A) or (B) above shall have failed to satisfy any requirement of Section 1.148-3 of the Regulations (whether or not such failure shall be due to any default by the Borrower, the Issuer or the Trustee), the Borrower shall (1) pay to the Trustee (for deposit to the Rebate Fund) and cause the Trustee to pay to the United States Treasury from the Rebate Fund the underpayment of the Rebate Amount, together with any penalty and/or interest due, as specified in Section 1.148-3(h) of the Regulations, within 175 days after any discovery or notice and (2) deliver to the Trustee an Internal Revenue Service Form 8038-T completed as of such date. If such underpayment of the Rebate Amount, together with any penalty and/or interest due, is not paid to the United States Treasury in the amount and manner and by the time specified in the Regulations, the Borrower shall take such steps as are necessary to prevent the Bonds from becoming arbitrage bonds, within the meaning of Section 148 of the Code.

(iii) *Records.* The Borrower shall retain all of its accounting records relating to the funds established under the Indenture and all calculations made in preparing the statements described in this Section 5.18 for at least six years after the later of the final maturity of the Bonds or the date the last Bond is discharged.

(iv) *Costs.* The Borrower agrees to pay all of the fees and expenses of a nationally recognized Bond Counsel, the Rebate Analyst, a certified public accountant and any other necessary consultant employed by the Borrower, the Trustee or the Issuer in connection with computing the Rebate Amount.

(v) *No Diversion of Rebatable Arbitrage.* The Borrower will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the Gross Proceeds of the Bonds which is not purchased at fair market value or includes terms that the Borrower would not have included if the Bonds were not subject to Section 148(f) of the Code.

(vi) *Modification of Requirements.* If, at any time during the term of this Loan Agreement, the Issuer, the Trustee or the Borrower desires to take any action which would otherwise be prohibited by the terms of this Section 5.18, such Person shall be permitted to take such action if it shall first obtain and provide to the other Persons named herein an opinion of Bond Counsel.

(i) ***Qualified Residential Rental Project.*** The Borrower hereby covenants and agrees that the Project will be operated as a “qualified residential rental project” within the meaning of Section 142(d) of the Code, on a continuous basis during the longer of the Qualified Project Period or any period during which any Bond remains outstanding, to the end that the interest on the Bonds shall be excluded from gross income for federal income tax purposes. The Borrower hereby covenants and agrees, continuously during the Qualified Project Period, to comply with all the provisions of the Regulatory Agreement.

(j) ***Information Reporting Requirements.*** The Borrower will comply with the information reporting requirements of Section 149(e)(2) of the Code requiring certain information regarding the Bonds to be filed with the Internal Revenue Service within prescribed time limits.

(k) [Reserved].

(l) [Reserved].

(m) ***Bonds Are Not Hedge Bonds.*** The Borrower covenants and agrees that not more than 50% of the proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for four years or more within the meaning of Section 149(f)(3)(A)(ii) of the Code, and the Borrower reasonably expects that at least 85% of the spendable proceeds of the Bonds will be used to carry out the governmental purposes of the Bonds within the three-year period beginning on the Closing Date.

(n) ***Termination of Restrictions.*** Although the parties hereto recognize that, subject to the provisions of Section 12]of the Regulatory Agreement, the provisions of this Loan Agreement shall terminate in accordance with Section 8.11 of this Loan Agreement, the parties hereto recognize that pursuant to the Regulatory Agreement, the requirements incorporated by reference in this Section 5.18 may continue in effect beyond the term hereof.

(o) ***Public Approval.*** The Borrower covenants and agrees that the proceeds of the Bonds will not be used in a manner that deviates in any substantial degree from the Project described in the written notice of a public hearing regarding the Bonds.

(p) ***20/50 Test Election.*** The Borrower and the Issuer hereby elect to apply the requirements of Section 142(d)(1)(A) to the Project. The Borrower hereby represents, covenants and agrees, continuously during the Qualified Project Period, to comply with all the provisions of the Regulatory Agreement.

(q) ***Modification of Tax Covenants.*** Subsequent to the issuance of the Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture) of the Bonds, this Section 5.18 may not be amended, changed, modified, altered or terminated except as permitted herein and by the Indenture and with the written consent of the Issuer. Anything contained in this Loan Agreement or the Indenture to the contrary notwithstanding, the Issuer, the Trustee and the Borrower hereby agree to amend this Loan Agreement and, if appropriate, the Indenture and the Regulatory Agreement, to the extent required, in the opinion of Bond Counsel, in

order for interest on the Bonds to remain excludable from gross income for federal income tax purposes. The party requesting such amendment shall notify the other parties to this Loan Agreement of the proposed amendment and send a copy of such requested amendment to Bond Counsel. After review of such proposed amendment, Bond Counsel shall render to the Trustee an opinion as to the effect of such proposed amendment upon the includability of interest on the Bonds in the gross income of the recipient thereof for federal income tax purposes. The Borrower shall pay all necessary fees and expenses incurred with respect to such amendment. The Borrower, the Issuer and, where applicable, the Trustee, per written instructions from the Issuer, shall execute, deliver and, if applicable, the Borrower shall file of record, any and all documents and instruments, including, without limitation, an amendment to the Regulatory Agreement.

#### **Section 5.19. Indemnification.**

(a) To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Issuer, the Servicer, the Trustee, each Owner and each of their respective past, present and future officers, governing members, directors, officials, employees, attorneys and agents (each, an “Indemnified Party”) against any and all losses, damages, claims, actions, liabilities, reasonable costs and expenses of any nature, kind or character (including, without limitation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement (to the extent that the Borrower has consented to such settlement) and amounts paid to discharge judgments) (the “Liabilities”) to which the Indemnified Parties, or any of them, may become subject under federal or state securities laws or any other statutory law or at common law or otherwise, to the extent arising out of or based upon or in any way relating to:

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

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

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

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



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

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

(vii) Any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower contained in any offering statement or document for the Bonds, the Indenture or any of the Loan Documents to which the Borrower is a party, or any omission or alleged omission from any offering statement or document for the bonds of any material fact necessary to be stated therein in order to make the statements made therein by the Borrower, in the light of the circumstances under which they were made, not misleading, including, without limitation, any offering statement or disclosure document in connection with any securitization or other secondary market transaction with respect to the Bonds;

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

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

(x) In the case of the foregoing indemnification of the Servicer or any related Indemnified Party, they shall not be indemnified by the Borrower to the with respect to liabilities arising from the gross negligence or willful misconduct of such Indemnified Party. In the case of the foregoing indemnification of the Issuer, or any related Indemnified Party, they shall not be indemnified by the Borrower with respect to liabilities arising from their own willful misconduct. In the case of the foregoing indemnification of the Trustee, or any related Indemnified Party, they shall not be indemnified by the Borrower with respect to liabilities arising from their own negligence or willful misconduct.

(b) In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party (which notice shall be timely given so as not to materially impair the Borrower's right to defend), shall assume the investigation and defense thereof, including the employment of counsel reasonably approved by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion, provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement, which approval shall not be unreasonably withheld. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof,

provided that the Issuer has the absolute right to employ separate counsel at the expense of the Borrower. The Borrower shall pay the reasonable fees and expenses of such separate counsel, provided that such Indemnified Party other than the Issuer may only employ separate counsel at the expense of the Borrower if and only if in such Indemnified Party's good-faith judgment (based on the advice of counsel) a conflict of interest exists or could arise by reason of common representation except that the Borrower shall always pay the reasonable fees and expenses of the Issuer's separate counsel.

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

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

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

**Section 5.20. Agreements Between Borrower and Its Affiliates.** Borrower shall not enter into any agreement, written or otherwise, directly or indirectly relating to the Project with an Affiliate of the Borrower without the prior written consent of the Servicer, provided that such consent shall not be required for any agreement on terms as would customarily be made with an unaffiliated third party on an arm's-length basis for such services. The Servicer consents to the Management Agreement with Manager.

**Section 5.21. [Reserved].**

**Section 5.22. Tax and Insurance Fund; Replacement Reserve; Operating Reserve.**

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

and after the Conversion Date, tax and insurance payments shall be impounded in accordance with the requirements of the Construction Disbursement Agreement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **Section 5.24. Leasing.**

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

of residential lease, of any part of the Project is subject to the Servicer's written approval as to form and substance prior to execution and delivery. Despite the foregoing, the Borrower may enter into residential leases (and amendments) in the ordinary course of business with bona fide third-party tenants without the Servicer's prior written consent if the Borrower uses the approved standard form of residential lease and:

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

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

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

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

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

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

(vii) So long as the Construction Disbursement Agreement is in effect, the lease, together with all leases previously executed, does not cause the Loan to become "out of balance" as that term is defined in Section 1.2(a) of the Construction Disbursement Agreement. The Borrower acknowledges that the Loan may become "out of balance" if the landlord's aggregate economic obligations under the leases exceed, or the Net Operating Income from the Project fails to meet, the Borrower's projections for such obligations, thereby increasing the cost or decreasing the value of the Project.

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

(c) The Servicer's approval of any lease is for the sole purpose of protecting the Servicer's security and preserving the Servicer's rights under the Loan Documents. No approval by the Servicer will result in a waiver of any default of the Borrower. In no event

will the Servicer's approval of any lease be a representation of any kind with regard to the lease, its enforceability or the financial capacity of any tenant or guarantor.

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

#### **Section 5.25. Compliance With Anti-Terrorism Regulations.**

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

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

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

(d) Upon the Issuer's, the Trustee's or the Servicer's request from time to time during the term of the Loan, the Borrower agrees to deliver a certification confirming that the representations and warranties set forth in this Loan Agreement remain true and correct

as of the date of such certificate and confirming the Borrower's compliance with this Section. The Borrower also agrees to cooperate with each of the Issuer, the Trustee and the Servicer, and to cause each Related Person to cooperate with the Issuer, the Trustee and the Servicer, in providing such additional information and documentation on the Borrower's and such Related Person's legal or beneficial ownership, policies, procedures and sources of funds as the Issuer, the Trustee and the Servicer deem necessary or prudent to enable each of them to comply with the Anti-Terrorism Regulations as now in existence or hereafter amended. From time to time upon the written request of the Issuer, the Trustee or the Servicer, the Borrower shall deliver to the requesting party a schedule of the name, legal domicile, address and jurisdiction of organization, if applicable, for each Related Party and each holder of a legal interest in the Borrower.

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

## **ARTICLE VI**

### **OPTION AND OBLIGATIONS OF BORROWER TO PREPAY**

#### **Section 6.1. Optional Prepayment.**

(a) The Note and amounts due under Section 3.2(a) hereof are subject to prepayment in order to effect the redemption of the Bonds under Section 4.03 of the Indenture at the option of the Borrower in whole or in part at the times (and not before the times) and at the redemption prices plus accrued interest to the redemption date of the Bonds, Additional Interest and the Prepayment Equalization Payment, if applicable, as set forth in Section 4.03 of the Indenture. The Note is not otherwise subject to optional prepayment by the Borrower.

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

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

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

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

**Section 6.3. Amounts Required for Prepayment.**

(a) The amount payable by the Borrower hereunder upon either (i) the exercise of the option granted to the Borrower in Section 6.1 hereof, or (ii) the mandatory prepayment of the Note by the Borrower in Section 6.2 hereof shall be, to the extent applicable and except as otherwise provided, the sum of the following:

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

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

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

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

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



## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES

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

(a) Failure by the Borrower to pay any amounts required to be paid on the Note or under Section 3.2(a) or (b) hereof within 10 days after the same are due;

(b) Any failure by the Borrower to pay as and when due and payable any other sums to be paid by the Borrower under this Loan Agreement and the continuation of such failure for a period of 10 days after the same are due; or

(c) Any failure of any representation or warranty made in this Loan Agreement, the Construction Disbursement Agreement or any Requisition to be true and correct when made or renewed; or

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

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

(f) Any dissolution, termination, partial or complete liquidation, merger or consolidation of any Obligor or the Managing General Partner or the Co-General Partner of Borrower, or any sale, transfer or other disposition of the Project or of all or substantially all of the assets of Borrower, provided that any such event with respect to the Managing General Partner shall not constitute an Event of Default if the Borrower replaces the Managing General Partner with a person or entity acceptable to the Issuer, Servicer and Majority Owner within 30 days after notice thereof from the Issuer, the Servicer and the Majority Owner; or

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

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

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

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

(k) Any Obligor shall file a voluntary petition in bankruptcy under Title 11 of the United States Code, or an order for relief shall be issued against any such Obligor in any involuntary petition in bankruptcy under Title 11 of the United States Code, or any such Obligor shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief of debtors, or such Obligor shall seek or consent to or acquiesce in the appointment of any custodian, trustee, receiver, conservator or liquidator of such Obligor, or of all or any substantial part of its respective property, or such Obligor shall make an assignment for the benefit of creditors, or such Obligor shall give notice to any governmental authority or body of insolvency or pending insolvency or suspension of operation, provided that any such event with respect to the Managing General Partner shall not constitute an Event of Default if the Borrower replaces the Managing General Partner with a person or entity acceptable to the Issuer, Servicer and Majority Owner and complying with Section 11 of the Regulatory Agreement, within 30 days after notice thereof from Trustee or Servicer; or

(l) An involuntary petition in bankruptcy under Title 11 of the United States Code shall be filed against the Borrower or any Obligor and such petition shall not be dismissed within 90 days of the filing thereof, provided that any such event with respect to the Managing General Partner shall not constitute an Event of Default if the Borrower replaces the Managing General Partner with a person or entity acceptable to the Issuer, Servicer and Majority Owner and complying with Section 11 of the Regulatory Agreement, within 30 days after notice thereof from the Issuer, Servicer and Majority Owner; or

(m) A court of competent jurisdiction shall enter any order, judgment or decree approving a petition filed against any Obligor seeking any reorganization, arrangement,

composition, readjustment, liquidation or similar relief under any present or future federal, state or other law or regulation relating to bankruptcy, insolvency or other relief for debtors, or appointing any custodian, trustee, receiver, conservator or liquidator of all or any substantial part of its property; or

(n) Any uninsured final judgment in excess of \$50,000 shall be rendered against the Borrower and shall remain in force, undischarged, unsatisfied and unstayed, for more than 30 days, whether or not consecutive; or

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

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

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

(r) Any cessation at any time in construction or equipping of the Improvements for more than 20 consecutive days except for strikes, acts of God, fire or other casualty, or other causes entirely beyond the Borrower's control, or any cessation at any time in construction or equipping of the Improvements for more than 60 consecutive days, regardless of the cause thereof, provided that such cessation may continue for a period of longer than 60 consecutive days with the consent of the Servicer if the Borrower shall have requested and received an extension of the Completion Date in accordance with the provisions of the Construction Disbursement Agreement, in which case it shall not be an Event of Default hereunder unless and until the period of cessation extends beyond the number of days for which the extension was granted; or

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

## **Section 7.2. Remedies on Default.**

(a) Whenever any Event of Default referred to in Section 7.1 hereof shall have occurred and be continuing, any obligation of the Servicer to approve Requisitions shall be

terminated, and the Trustee (but only if directed to do so by the Servicer and, subject to the provisions of the Indenture) shall:

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

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

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

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

**Section 7.3. No Remedy Exclusive.** No remedy conferred herein or in any other Loan Document upon or reserved to the Trustee or the Servicer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee or the Servicer to exercise any remedy reserved to it herein or in any other Loan Document, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

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

actually incurred fees of such Counsel and all other out-of-pocket expenses incurred by or on behalf of the Issuer, the Trustee or the Servicer.

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

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

**Section 7.7. Cure by Investor Limited Partner.** The Issuer, the Trustee and the Servicer agree to accept performance on the part of the Investor Limited Partner as though the same has been performed by the Borrower under any of the Loan Documents. The Issuer, the Trustee and the Servicer will allow the Investor Limited Partner or its Affiliate (a) 10 days after giving the Investor Limited Partner notice to cure a monetary default under the Loan Documents other than the payment due at maturity and (b) except as to the insolvency or bankruptcy of the Borrower, up to 30 days after giving the Investor Limited Partner to cure any nonmonetary default under the Loan Documents; provided, however, that in the event of a nonmonetary default that it is not susceptible to being cured within such 30-day period, the Investor Limited Partner, or its Affiliate, shall have an additional period of up to 60 days to cure such default, provided that the Investor Limited Partner or its Affiliate has commenced to cure such default and is diligently and continuously proceeding to cure such default through the end of the 60-day period. If the Investor Limited Partner or its Affiliate makes any such payment or otherwise offers cure of a default, the same will be accepted or rejected as curing such default on the same basis as if payment or cure were made directly by the Borrower.

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

## ARTICLE VIII

### MISCELLANEOUS

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

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

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

**Section 8.2. Authorized Borrower Representative.** Pursuant to written direction provided on the Closing Date, the Borrower has appointed one or more Authorized Representatives for the purpose of taking all actions and making all certificates required to be taken and made by the Authorized Representative under the provisions of the Loan Documents. Whenever under the provisions of any Loan Document the approval of the Borrower is required or any party is required to take some action at the request of the Borrower, such approval or such request shall be made by

its Authorized Representative, unless otherwise specified in this Loan Agreement, and the Issuer, the Trustee and the Servicer shall be authorized to act on any such approval or request and the Borrower shall have no complaint against any such party as a result of any such action taken in conformity with such approval or request by the Authorized Representative.

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

**Section 8.4. Execution in Counterparts.** This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument, provided that for purposes of perfecting a lien or security interest in this Loan Agreement by the Trustee, whether under Article 9 of the Uniform Commercial Code of the State or otherwise, only the counterpart delivered to, and receipted by, the Trustee shall be deemed the original.

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

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

**Section 8.7. Notices.** All notices, demands, requests, consents, approvals, certificates or other communications hereunder shall be effective if given in the manner required in Section 10.08 of the Indenture.

**Section 8.8. Applicable Law; Venue.** This Loan Agreement shall be governed exclusively by and construed in accordance with the laws of the State, and any action arising out of this Loan Agreement or the Bonds shall be filed and maintained in the City and County of San Francisco, California, unless the Issuer waives this requirement in writing.

**Section 8.9. Debtor Creditor Relationship.** It is expressly understood and agreed that the relationship between the Issuer and the Borrower established by the transaction contemplated

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

**Section 8.10. Usury; Total Interest.** This Loan Agreement is subject to the express condition, and it is agreed that at no time shall payments hereunder, under the Note or under the other Loan Documents that are or are construed to be payments of interest on the unpaid principal amount of the Loan reflect interest that is borne at a rate in excess of the maximum permitted by law. The Borrower shall not be obligated or required to pay, nor shall the Issuer be permitted to charge or collect, interest borne at a rate in excess of such maximum rate. If by the terms of this Loan Agreement or the other Loan Documents the Borrower is required to make such payments reflecting interest borne at a rate in excess of such maximum rate, such payments shall be deemed to be reduced immediately and automatically to reflect such maximum rate. It is further agreed that the total of amounts paid hereunder as interest on the Loan which is to pay interest on the Bonds, cumulative from the date of the Note, shall not exceed the sum of 5% per month, simple and noncompounded for each month from such date to the date of calculation (calculated on the basis of a 360-day year of twelve 30-day months). Any such excess payment previously made in either case shall be immediately and automatically applied to the unpaid balance of the principal sum of the Loan and not to the payment of interest thereon. This Loan Agreement is also subject to the condition that amounts paid hereunder representing late payment or penalty charges or the like shall only be payable to the extent permitted by law.

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

**Section 8.12. Nonrecourse.** Anything contained in any provision of this Loan Agreement, the Mortgage, the Regulatory Agreement, the Borrower's Tax Certificate or the Note notwithstanding, in the event of any proceeding to foreclose the Mortgage or otherwise to enforce the provisions of the Note, this Loan Agreement, the Mortgage or the Regulatory Agreement after the Conversion Date, neither the Issuer nor the Trustee or other holder of the Note (collectively, the "Noteholder"), nor any Owner of Bonds, nor any beneficiary of the Mortgage shall be entitled to take any action to procure any personal money judgment or any deficiency decree against the Borrower or any partner of the Borrower or its or their heirs, personal representatives, successors and assigns, it being understood and agreed that recourse hereon and under the Mortgage, the Regulatory Agreement and the Note shall, following the Conversion Date, be limited to the assets of the Borrower that are the security from time to time provided with respect to the Note and this Loan Agreement, provided that nothing herein contained shall limit or be construed to limit or impair the enforcement against the Project or any other additional security as may from time to time be given to the beneficiary hereof as security for the performance of this Loan Agreement, the Mortgage, the Regulatory Agreement, the Borrower's Tax Certificate, the Note or any other



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

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

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

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

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

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

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

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

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

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

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

**Section 8.14. Waiver of Personal Liability.** No member of the governing board, officer, agent or employee of the Issuer or any director, officer, agent or employee of the Issuer shall be individually or personally liable for the payment of any principal (or redemption price) of or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Loan Agreement, but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Loan Agreement.

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

**Section 8.16. Assignment and Transfer of Note and Loan Documents.** Notwithstanding any contrary provision contained in this Loan Agreement or the Note, the Loan, the Note, the Mortgage and certain other documents executed by the Borrower in connection with the Loan may be transferred and assigned by the Trustee separately from the Bonds, as provided in Section 4.08 of the Indenture.

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

**CITY AND COUNTY OF  
SAN FRANCISCO**

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

Approved as to form:

DENNIS J. HERRERA  
City Attorney

By \_\_\_\_\_  
Heidi Gewertz  
Deputy City Attorney

[Signatures continue on following page]

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By \_\_\_\_\_  
Authorized Signatory

[Signatures continue on following page]

**ALICE GRIFFITH PHASE 4, L.P.,**  
a California limited partnership

By: Alice Griffith Phase 4 MBS GP, INC.,  
a Missouri corporation, its Co-General Partner

By: \_\_\_\_\_  
Name: Yusef Freeman  
Title: Vice President

By: Tabernacle V, LLC,  
a California limited liability company, its  
Managing General Partner

By: Tabernacle Community Development  
Corporation, a California public benefit  
corporation, its sole member

By: \_\_\_\_\_  
Name: Donald E. Green  
Title: President

## **EXHIBIT A**

### **LEGAL DESCRIPTION OF REAL ESTATE**

The land referred to herein is situated in the State of California, City and County of San Francisco, and is described as follows:

[TO BE PROVIDED]

**EXHIBIT B**  
**FORM OF PROMISSORY NOTE**

[ATTACHED]



**EXHIBIT C**

**PROJECT APPROVALS TO BE OBTAINED**

[NONE]

**EXHIBIT D**  
**FORM OF APPROVED RESIDENTIAL LEASE**

[Attached]

## **EXHIBIT E**

### **INSURANCE REQUIREMENTS APPLICABLE BEFORE CONVERSION**

In order to close, the insurance specifications set forth in Exhibit C-1 of the Construction Disbursement must be met, provided that all policies must include EXACTLY the following standard, noncontributory, mortgagee clause:

U.S. Bank National Association  
One California Street, Suite 1000  
San Francisco, CA 94111  
Attention: Andrew Fung

Mortgagee must be named as a first Mortgagee with respect to buildings, Loss Payee with respect to loss of rents/business interruption, and Additional Insured with respect to general liability. Mortgagee shall receive notices at the same time and in the same manner as notices sent to Bondholder.

## EXHIBIT F

### FORM OF MONTHLY LEASE-UP REPORT

#### MOVE-IN DATABASE

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

#### MOVE-OUT DATABASE

Building #	Apt. #	# of BRs	# of BAs	Set-Aside	Total Security Deposit	Security Deposit to Tenant	Lease Rent	Move-Out Date	Certified or Move-In Date	Lease (enter an "x")			
										Skip	Evicted	Expired	Other

**EXHIBIT G**  
**FORM OF STABILIZATION CERTIFICATE**

[DATE]

U.S. Bank National Association  
One California Street, Suite 1000  
San Francisco, CA 94111  
Attention: Andrew Fung

Re: Alice Griffith Phase 4 Apartments Project (the “Project”)

Ladies and Gentlemen:

The undersigned, being the owner of the Project, hereby certifies to U.S. Bank National Association, as trustee (the “Trustee”) and [\_\_\_\_\_] (as servicer, acting on behalf of the Servicer of the Bonds issued in connection with the Project, the “Servicer”) that:

The undersigned hereby represents and warrants that:

1. The Improvements are \_\_\_\_% occupied by tenants meeting the requirements of the Loan Documents in each of three prior consecutive months.
2. The ratio of Net Operating Income in each of the prior three months to maximum principal and interest payable in any month under the Loan Documents on the amount of Bonds Outstanding is \_\_\_\_ to 1.0.
3. Stabilization [has/has not] occurred.
4. Attached hereto is \_\_\_\_\_ showing the calculation of Stabilization.

Capitalized terms used herein and not defined shall have the meanings ascribed thereto in the Loan Agreement dated as of [\_\_\_\_\_] 1, 2017 by and among City and County of San Francisco, the Trustee, and the undersigned.

ALICE GRIFFITH PHASE 4, L.P.,  
a California limited partnership

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

## **STABILIZATION SPREADSHEET**

## EXHIBIT H

### CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS

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

Notwithstanding the foregoing, in the event of any conflict between the foregoing and the Bayview Hunter's Point Employment and Contracting Plan and Memorandum of Understanding (the "Bayview Provisions"), the Bayview Provisions shall apply.

#### **Section 1. Nondiscrimination; Penalties.**

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

(b) ***Subcontracts.*** The Borrower 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 (copies of which are available from the City) and shall require all subcontractors to comply with such provisions. The Borrower's failure to comply with the obligations in this subsection shall constitute a material breach of this Loan Agreement.

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

(d) ***Condition to Contract.*** As a condition to this Loan Agreement, the Borrower shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and



Benefits” form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

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

## **Section 2. Local Business Enterprise Utilization; Liquidated Damages.**

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

(b) ***Compliance and Enforcement.*** If the Borrower willfully fails to comply with any of the provisions of the LBE Ordinance, the rules and regulations implementing the LBE Ordinance, or the provisions of this Loan Agreement pertaining to LBE participation, the Borrower shall be liable for liquidated damages in an amount equal to Borrower’s net profit on this Loan Agreement, or 10% of the total amount of this Loan Agreement, or \$1,000, whichever is greatest. The Director of the Issuer’s Human Rights Commission or any other public official authorized to enforce the LBE Ordinance (separately and collectively, the “Director of HRC”) may also impose other sanctions against the Borrower authorized in the LBE Ordinance, including declaring the Borrower irresponsible and ineligible to contract with the Issuer for a period of up to five years or revocation of the Borrower’s LBE certification. The Director of HRC will determine the

sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to Section 14B.17 of the San Francisco Administrative Code.

By entering into this Loan Agreement, the Borrower acknowledges and agrees that any liquidated damages assessed by the Director of the HRC shall be payable to the Issuer upon demand. The Borrower further acknowledges and agrees that any liquidated damages assessed may be withheld from any moneys due to the Borrower on any contract with the Issuer.

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

**Section 3. MacBride Principles—Northern Ireland.** Pursuant to San Francisco Administrative Code Section 12F.5, the City urges companies doing business in Northern Ireland to move towards resolving employment inequities and encourages such companies to abide by the MacBride Principles. The City urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing this Loan Agreement, the person executing this Loan Agreement on behalf of the Borrower acknowledges and agrees that he or she has read and understood this Section.

**Section 4. Tropical Hardwood and Virgin Redwood Ban.** Pursuant to Section 804(b) of the San Francisco Environment Code, the City urges contractors not to import, purchase, obtain or use, for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

**Section 5. Drug-Free Workplace Policy.** The Borrower acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited on City premises. The Borrower agrees that any violation of this prohibition by the Borrower, its employees, agents or assigns will be deemed a material breach of this Loan Agreement.

**Section 6. Compliance with Americans with Disabilities Act.** The Borrower acknowledges that, pursuant to the Americans with Disabilities Act (“ADA”), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. The Borrower shall provide the services specified in this Loan Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. The Borrower agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Loan Agreement and further agrees that any violation of this prohibition on the part of the Borrower, its employees, agents or assigns will constitute a material breach of this Loan Agreement.

**Section 7. Sunshine Ordinance.** In accordance with San Francisco Administrative Code Section 67.24(e), contracts, contractors’ bids, responses to solicitations and all other records of communications between the City and persons or firms seeking contracts shall be open to

inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

**Section 8. Limitations on Contributions.** Through execution of this Loan Agreement, the Borrower acknowledges that it is familiar with Section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (a) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on which an appointee of that individual serves, (b) a candidate for the office held by such individual, or (c) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. The Borrower acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. The Borrower further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of the Borrower's board of directors; the Borrower's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20% in the Borrower; any subcontractor listed in the bid or contract; and any committee sponsored or controlled by the Borrower. Additionally, the Borrower acknowledges it must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. The Borrower further agrees to provide to the City the names of each person, entity or committee described above.

**Section 9. Requiring Minimum Compensation for Covered Employees.** The Borrower agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance ("MCO"), as set forth in San Francisco Administrative Code Chapter 12P ("Chapter 12P"), including the remedies provided, and implementing guidelines and rules. The provisions of Sections 12P.5 and 12P.5.1 of Chapter 12P are incorporated herein by reference and made a part of this Loan Agreement as though fully set forth in this Section. The text of the MCO is available on the web at [www.sfgov.org/olse/mco](http://www.sfgov.org/olse/mco). A partial listing of some of the Borrower's obligations under the MCO is set forth in this Section. The Borrower is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

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

subcontractor under this Loan Agreement fails to comply, the City may pursue any of the remedies set forth in this Section against the Borrower.

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

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

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

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

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

(g) The Borrower represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

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

date of the agreement that causes the cumulative amount of agreements between the Borrower and the City to exceed \$25,000 in the fiscal year.

**Section 10. Requiring Health Benefits for Covered Employees.** The Borrower agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (“HCAO”), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Section 12Q.5.1 of Chapter 12Q are incorporated by reference and made a part of this Loan Agreement as though fully set forth in this Section. The text of the HCAO is available on the web at [www.sfgov.org/olse](http://www.sfgov.org/olse). Capitalized terms used in this Section and not defined in this Loan Agreement shall have the meanings assigned to such terms in Chapter 12Q.

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

(b) Notwithstanding the above, if the Borrower is a small business as defined in Section 12Q.3(e) of the HCAO, it shall have no obligation to comply with clause (a) above.

(c) The Borrower’s failure to comply with the HCAO shall constitute a material breach of this Loan Agreement. The City shall notify the Borrower if such a breach has occurred. If, within 30 days after receiving the City’s written notice of a breach of this Loan Agreement for violating the HCAO, the Borrower fails to cure such breach, or if such breach cannot reasonably be cured within such period of 30 days, the Borrower fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue the remedies set forth in Sections 12Q.5.1 and 12Q.5(f)(1-6) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

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

(e) The Borrower shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying the City or the County with regard to the Borrower’s noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in

proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(f) The Borrower represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

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

(h) The Borrower shall keep itself informed of the current requirements of the HCAO.

(i) The Borrower shall provide reports to the City in accordance with any reporting standards promulgated by the City or the County under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(j) The Borrower shall provide the City with access to records pertaining to compliance with HCAO after receiving a written request from the City to do so and being provided at least 10 business days to respond.

(k) The Borrower shall allow the City to inspect the Borrower's job sites and have access to the Borrower's employees in order to monitor and determine compliance with HCAO.

(l) The City may conduct random audits of the Borrower to ascertain its compliance with HCAO. The Borrower agrees to cooperate with the City when it conducts such audits.

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

**Section 11. Prohibition on Political Activity With City Funds.** In accordance with San Francisco Administrative Code Chapter 12.G, the Borrower may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Loan Agreement. The Borrower agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event the Borrower violates the provisions of this Section, the City may, in addition to any other rights or remedies available hereunder, (a) terminate this Loan Agreement, and (b) prohibit the Borrower from bidding on or receiving any new City contract for a period of two years. The Controller will not consider the Borrower's use of profit as a violation of this Section.

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

**Section 13. Graffiti Removal.** Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City’s property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and its residents, and to prevent the further spread of graffiti.

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

Any failure by the Borrower to comply with this Section of this Loan Agreement shall constitute a material breach of this Loan Agreement.

**Section 14. Submitting False Claims; Monetary Penalties.** Pursuant to San Francisco Administrative Code Section 21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for penalties set forth in that Section. The text of Section 21.35, along with the entire San Francisco Administrative Code is available on the web at <http://www.municode.com/Library/clientCodePage.aspx?clientID=4201>. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the

contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses or causes to be made or used a false record or statement to conceal, avoid or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

**Section 15. Conflict of Interest.** Through its execution of this Loan Agreement, the Borrower acknowledges that it is familiar with the provision of Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitute a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Loan Agreement.

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

**Section 17. Proprietary or Confidential Information of City.** The Borrower understands and agrees that, in the performance of the work or services under this Loan Agreement or in contemplation thereof, the Borrower may have access to private or confidential information which may be owned or controlled by City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to City. The Borrower agrees that all information disclosed by City to the Borrower shall be held in confidence and used only in the performance of the Loan Agreement. The Borrower shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

**Section 18. Earned Income Credit ("EIC") Forms.** Administrative Code Section 12O requires that employers provide their employees with IRS Form W-5 (the "Earned Income Credit Advance Payment Certificate") and the IRS EIC Schedule, as set forth below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere Federal Tax



Forms can be found. The Borrower shall provide EIC Forms to each Eligible Employee at each of the following times: (a) within 30 days following the date on which this Loan Agreement becomes effective (unless the Borrower has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (b) promptly after any Eligible Employee is hired by the Borrower; and (c) annually between January 1 and January 31 of each calendar year during the term of this Loan Agreement. Failure to comply with any requirement contained in subparagraph (a) of this Section shall constitute a material breach by the Borrower of the terms of this Loan Agreement. If, within 30 days after the Borrower receives written notice of such a breach, the Borrower fails to cure such breach or if such breach cannot reasonably be cured within such period of 30 days, the Borrower fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the City may pursue any rights or remedies available under this Loan Agreement or under applicable law. Any Subcontract entered into by the Borrower shall require the Subcontractor to comply, as to the Subcontractor's Eligible Employees, with each of the terms of this Section. Capitalized terms used in this Section and not defined in this Loan Agreement shall have the meanings assigned to such terms in Section 12O of the San Francisco Administrative Code.