

FINANCING AGREEMENT

by and among

CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA,

as Issuer,

[TRUSTEE],

as Trustee,

and

EASTERN PARK APARTMENTS, L.P.,

as Borrower

relating to

\$60,006,000

City and County of San Francisco, California
Multifamily Tax-Exempt Mortgage-Backed Bonds
(M.TEBS) (Eastern Park Apartments)
2019 SERIES J

\$24,834,000

City and County of San Francisco, California
Multifamily Housing Revenue Bonds
(Eastern Park Apartments)
2019 SERIES K

Dated as of December 1, 2019

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FINANCING AGREEMENT

THIS FINANCING AGREEMENT (this “**Financing Agreement**”), is dated as of December 1, 2019, and entered into by and among the **CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA** (the “**Issuer**”), [TRUSTEE], as trustee under the Indenture referred to below (together with its successors and assigns, the “**Trustee**”), and **EASTERN PARK APARTMENTS, L.P.** (together with its successors and assigns, the “**Borrower**”).

RECITALS:

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 lend the proceeds thereof to finance the acquisition, construction, rehabilitation 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 Tax-Exempt Mortgage-Backed Bonds (M.TEBS) (Eastern Park Apartments) 2019 Series J, in the aggregate principal amount of \$60,006,000 (the “**Series J Bonds**”) and its Multifamily Housing Revenue Bonds (Eastern Park Apartments), 2019 Series K, in the aggregate principal amount of \$24,834,000 (the “**Series K Bonds**,” and together with the Series J Bonds, individually or collectively as context may dictate, the “**Bonds**”) as more fully set forth in the Indenture of Trust, of even date herewith, between the Issuer and the Trustee (the “**Indenture**”)

WHEREAS, pursuant to this Financing Agreement, the Issuer will use the proceeds of the Bonds to make one or more loans to the Borrower to finance the acquisition, rehabilitation and equipping of the Project.

WHEREAS, to secure the payment of all of the principal of and premium, if any, and interest on the Bonds, the Issuer has assigned (with certain exceptions described herein) its rights, title and interests in, and delegated its duties under, this Financing Agreement, without recourse, to the Trustee.

WHEREAS, the obligation of the Borrower to pay all amounts necessary to pay principal of, premium, if any, and interest on the Bonds will be evidenced by this Financing Agreement and two promissory notes, substantially in the forms attached hereto as Exhibit B-1 and B-2, as applicable, dated the date of delivery of the Bonds, as amended and restated from time to time, including, without limitation, by the Mortgage Note (the “**Bond Loan Notes**”) from the Borrower to the Issuer.

WHEREAS, the parties hereto acknowledge the matters set forth in the Recitals to the Indenture.

NOW, THEREFORE, the parties hereto, in consideration of the premises and the mutual covenants and commitments of the parties set forth herein, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, hereby agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01. Definitions. Capitalized terms used herein without definition shall have the respective meanings set forth in the Indenture. In addition to the terms elsewhere defined in this Financing Agreement, the following terms used in this Financing Agreement (including the Recitals) shall have the

following meanings unless the context indicates another or different meaning or intent, and such definitions shall be equally applicable to both the singular and plural forms of any of the terms herein defined:

“**Affiliate**” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control” when used with respect to any specified Person means the power to direct the policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract, or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

[“**Certificate of Occupancy**” means the certificate of occupancy issued by City and County of San Francisco for the multifamily units in the Project, or if certificates of occupancy are not required or provided for multifamily units, then evidence of all final inspection approvals needed to occupy the multifamily units.]

“**Completion Certificate**” means a certificate submitted by the Borrower Representative to the Issuer and the Trustee as provided in Section 5.38 of the Financing Agreement.

“**Completion Date**” means the date upon which the Completion Certificate and the Certificate of Occupancy are delivered by the Borrower to the Issuer and the Trustee.

“**Determination of Taxability**” means the receipt by the Trustee of (1) a copy of written notice from the Commissioner or any Director of the Internal Revenue Service or a determination by any court of competent jurisdiction, or (2) an opinion of Bond Counsel, in either case to the effect that interest on the Bonds is not excludable for regular federal income tax purposes under Section 103(a) of the Code from gross income of any Bondholder (other than a Bondholder who is a substantial user of the Project or a related person as defined in the Code).

“**Event of Default**” means any event of default specified and defined in Section 8.01 of this Financing Agreement.

“**General Partner**” means Sequoia Living EPA LLC, a California limited liability company.

“**Governmental Authority**” means any federal, state or local governmental or quasi-governmental entity, including, without limitation, any agency, department, commission, board, bureau, administration, service, or other instrumentality of any governmental entity.

“**Governmental Requirements**” means all laws, ordinances, orders, rules or regulations of any Governmental Authority applicable to the Project, the Issuer, the Borrower or any of the Borrower’s assets or other properties, including without limitation, laws, ordinances, orders, rules and regulations relating to securities or other public disclosures, zoning, licenses, permits, subdivision, building, safety, health, and fire protection and all environmental laws.

“**Hazardous Materials**” means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls (“PCBS”) and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which at the Project is prohibited by any federal, state or local authority; any substance that requires special handling under any Hazardous Materials Law; and any other material or substance now or in the future defined as a “hazardous substance,” “hazardous material,” “hazardous waste,” “toxic substance,” “toxic pollutant,”

“contaminant,” or “pollutant” within the meaning of any Hazardous Materials Law, but does not include any such substance that is a customary and ordinary household, cleaning, office, swimming pool or landscape maintenance product used on the Project by the Borrower or any tenant or agent of the Borrower, or customary construction materials used during the course of rehabilitation of the Project by the Borrower or the Contractor, provided such use is in accordance with applicable hazardous material laws.

“**Hazardous Materials Law**” means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other governmental requirements, administrative rulings and court judgments and decrees in effect now or in the future and including all amendments, that relate to Hazardous Materials and apply to the Borrower or to the Project. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., the Toxic Substance Control Act, 15 U.S.C. Section 2601, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101, and their state analogs, including laws of the State of California.

“**Indemnified Parties**” shall have the meanings ascribed thereto in Section 5.35 hereof.

“**Indemnitors**” shall have the meanings ascribed thereto in Section 5.35 hereof.

“**Mortgage Note Rate**” means a per annum rate of interest calculated in accordance with the Mortgage Note.

“**Permitted Liens**” shall mean any easements and restrictions listed in a schedule of exceptions to coverage in the title insurance policy delivered with respect to the Project as required by the Permanent Loan Documents, and prior to the delivery of the Permanent Loan Documents, Permitted Liens shall include the Construction Loan Documents.

“**Person**” means any natural person, firm, partnership, association, limited liability company, corporation or public body.

“**Placed in Service Date**” means the date the Project is placed in service for purposes of Section 42 of the Code.

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

Section 1.02. Rules of Construction.

(a) The singular form of any word used herein, including the terms defined in Section 1.01, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders.

(b) All references herein to “Articles,” “Sections” and other subdivisions hereof are to the corresponding Articles, Sections or subdivisions of this Financing Agreement as originally executed; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Financing Agreement as a whole and not to any particular Article, Section or subdivision hereof.

(c) The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not limit or otherwise affect the meaning, construction or effect of this Financing Agreement or describe the scope or intent of any provisions hereof.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with applicable generally accepted accounting principles as in effect from time to time.

(e) Every “request,” “order,” “demand,” “application,” “appointment,” “notice,” “statement,” “certificate,” “consent,” or similar action hereunder by any party shall, unless the form thereof is specifically provided, be in writing signed by a duly authorized representative of such party with a duly authorized signature.

(f) The parties hereto acknowledge that each such party and their respective counsel have participated in the drafting and revision of this Financing Agreement and the Indenture. Accordingly, the parties agree that any rule of construction which disfavors the drafting party shall not apply in the interpretation of this Financing Agreement or the Indenture or any amendment or supplement or exhibit hereto or thereto.

Section 1.03. Effective Date. The provisions of this Financing Agreement shall be effective on and as of the Closing Date, immediately upon the effectiveness of the Indenture.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.01. Representations and Warranties by the Borrower. The Borrower represents and warrants as follows:

(a) The Borrower is (i) a limited partnership, duly organized and existing in good standing under the laws of the State of California, (ii) has the power to own its property and to carry on its business as now being conducted and as contemplated by this Agreement and the Tax Certificate, and (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned by it therein or in which the transaction of its business makes such qualification necessary, including, but not limited to, the State of California. The General Partner is a California limited liability company and is qualified to do business in the State of California and in every other state in which the nature of its business requires such qualification. Each of the Borrower and the General Partner has full power and authority to own its properties and to carry on its business as now being conducted and as contemplated to be conducted with respect to the Project, and to enter into, and to perform and carry out the transactions provided for in this Financing Agreement, all other Financing Documents contemplated hereby to be executed by the Borrower and/or the General Partner and the Permanent Loan Documents. This Financing Agreement, the other Financing Documents to which the Borrower or the General Partner is a party, the Permanent Loan Documents and all other documents to which the Borrower or the General Partner is a party and contemplated hereby or thereby have been duly authorized, executed and delivered by the Borrower or the General Partner and constitute the legal, valid and binding obligations of the Borrower or the General Partner, respectively, enforceable against the Borrower or the General Partner, each in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors

generally and general equitable principles. The officers of the Borrower and/or the General Partner executing this Financing Agreement, all other Financing Documents contemplated hereby to be executed by the Borrower or the General Partner and the Permanent Loan Documents are duly and properly in office and fully authorized to execute the same.

(b) Neither the execution and delivery of this Financing Agreement, all other Financing Documents to be executed by the Borrower, the Permanent Loan Documents or any other documents contemplated hereby or thereby, the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the terms and conditions of this Financing Agreement, all other Financing Documents to be executed by the Borrower, the Permanent Loan Documents or any other documents contemplated hereby or thereby, will violate or contravene any provision of law, any order of any court or other agency of government, or any of the organizational or other governing documents of the Borrower, or any indenture, agreement or other instrument to which the Borrower is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument or any license, judgment, decree, law, statute, order, rule or regulation of any governmental agency or body having jurisdiction over the Borrower or any of its activities or properties, or, except as provided hereunder, result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, except for Permitted Liens.

(c) The Borrower has and will have fee simple title to the Project, subject to the Permitted Liens. The Borrower is the sole borrower under the Bond Loan Notes and the Permanent Loan. The Borrower enjoys the peaceful and undisturbed possession of all of the premises upon which it is operating its facilities. The Borrower possesses, and will at all times possess, all franchises, patents, copyrights, trademarks, trade names, licenses and permits, and rights in respect of the foregoing, adequate for the conduct of its business substantially as now conducted or as it is intended to be conducted with respect to the Project, without known conflict with any rights of others.

(d) As of the Closing Date, no litigation or proceeding is pending or, to the knowledge of the Borrower or the General Partner, threatened against or affecting the Borrower or the General Partner or any of the Borrower's properties (including, without limitation, the Project) which has a reasonable probability of having a material adverse effect on its financial condition or business, or the transactions contemplated by this Financing Agreement, the Indenture, the other Financing Documents or the Permanent Loan Documents, or which in any way would adversely affect the validity or enforceability of the Bonds, the Indenture, this Financing Agreement, the other Financing Documents or the Permanent Loan Documents, or the exclusion from gross income for federal income tax purposes of interest on the Bonds, or the ability of the Borrower to perform its obligations under this Financing Agreement, the other Financing Documents or the Permanent Loan Documents executed by the Borrower.

(e) The Project and the operation of the Project (in the manner contemplated by the Financing Documents) conform in all material respects with all applicable zoning (or a legal non-conforming use), planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project, all necessary utilities are available to the Project, and the Borrower will obtain all requisite zoning, planning, building and environmental and other permits which may become necessary with respect to the Project. The Borrower has obtained all licenses, permits and approvals necessary for the ownership, operation and management of the Project, including all approvals essential to the transactions contemplated by

this Financing Agreement, the Indenture, the other Financing Documents, the Permanent Loan Documents and any other documents contemplated hereby or thereby.

(f) The financial statements which have been furnished by or on behalf of the Borrower to the Issuer, are complete and accurate in all material respects and present fairly the financial condition of the Borrower as of their respective dates in accordance with generally accepted accounting methods applied by the Borrower on a consistent basis, and since the date of the most recent of such financial statements there has not been any material adverse change, financial or otherwise, in the condition of the Borrower, and there have not been any material transactions entered into by the Borrower other than transactions in the ordinary course of business, and the Borrower does not have any material contingent obligations which are not otherwise disclosed in its financial statements. Any audited financial statements and related report of the independent public accountant of the Borrower delivered pursuant to this Agreement shall be accompanied by a written statement of the independent public accountant that in making the examination necessary for certification of such financial statements, nothing has come to their attention that would lead them to believe that the Borrower has violated any of the terms, covenants or provisions of this Agreement insofar as any such violation may relate to accounting matters. There (i) is no completed, pending or threatened bankruptcy, reorganization, receivership, insolvency or like proceeding, whether voluntary or involuntary, affecting the Project, the Borrower, or any general partner of the Borrower; and (ii) has been no assertion or exercise of jurisdiction over the Project, the Borrower or any general partner of the Borrower by any court empowered to exercise bankruptcy powers.

(g) No event has occurred and no condition exists with respect to the Borrower or the Project that would constitute an Event of Default or which, with the lapse of time, if not cured, or with the giving of notice, or both, would become an Event of Default. The Borrower is not in default under the Regulatory Agreement.

(h) The Borrower has complied with all the terms and conditions of the Tax Certificate, including the terms and conditions of the exhibits thereto, and the representations and warranties set forth in the Tax Certificate and the Regulatory Agreement pertaining to the Borrower and the Project are true and accurate. 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.

(i) The Project is, as of the Closing Date, in compliance with all requirements of the Regulatory Agreement, including all applicable requirements of the Act and the Code. The Borrower intends to cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement, including all applicable requirements of the Act and the Code. All leases will comply with all applicable laws and the Regulatory Agreement. The Project meets the requirements of this Financing Agreement, the Regulatory Agreement, the Act and the Code with respect to multifamily rental housing.

(j) No information, statement or report furnished in writing to the Issuer, Fannie Mae, the Lender or the Trustee by the Borrower in connection with this Financing Agreement, the other Financing Documents or the Permanent Loan Documents or the consummation of the transactions contemplated hereby and thereby (including, without limitation, any information furnished by the Borrower in connection with the preparation of any materials related to the issuance, delivery or offering of the Bonds on the Closing Date) contains any material misstatement of fact or omits to state a material fact necessary to make the statements contained therein, in light of the

circumstances under which they were made, not misleading; and the representations and warranties of the Borrower and the statements, information and descriptions contained in the Borrower's closing certificates, as of the Closing Date, are 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 the light of the circumstances under which they were made, not misleading; and the estimates and the assumptions contained herein and in any certificate of the Borrower delivered as of the Closing Date 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 Tax Certificate is hereby incorporated into this Financing Agreement by reference, as if fully set forth herein.

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

(l) No authorization, consent, approval, order, registration declaration or withholding of objection on the part of or filing of or with any governmental authority not already obtained or made (or to the extent not yet obtained or made the Borrower has no reason to believe that such authorizations, consents, approvals, orders, registrations or declarations will not be obtained or made in a timely fashion) is required for the execution and delivery or approval, as the case may be, of this Financing Agreement, the other Financing Documents, the Permanent Loan Documents or any other documents contemplated by this Financing Agreement, the other Financing Documents or the Permanent Loan Documents, or for the performance of the terms and provisions hereof or thereof by the Borrower.

(m) The Borrower is not presently under any cease or desist order or other orders of a similar nature, temporary or permanent, of any federal or state authority which would have the effect of preventing or hindering performance of its duties hereunder, nor are there any proceedings presently in progress or to its knowledge contemplated which would, if successful, lead to the issuance of any such order.

(n) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or the Issuer is a party or of which it is a beneficiary including, without limitation, the Indenture; that it approves the initial appointment of the Trustee under the Indenture; that it understands the risks inherent in such transactions, including, without limitation, the risk of loss of the Project; and that it has not relied on the Issuer, the Lender or Fannie Mae for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Financing Agreement and the Indenture or otherwise relied on the Issuer, the Lender or Fannie Mae in any manner.

(o) The Borrower has not received any notice that it is not in compliance with all provisions of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA"); the Resource Conservation and Recovery Act; the Superfund Amendments and Reauthorization Act of 1986; the Toxic Substances Control Act and all

environmental laws of the State of California (the “**Environmental Laws**”), or with any rules, regulations and administrative orders of any governmental agency, or with any judgments, decrees or orders of any court of competent jurisdiction with respect thereto; and the Borrower has not received any assessment, notice (primary or secondary) of liability or financial responsibility, and no notice of any action, claim or proceeding to determine such liability or responsibility, or the amount thereof, or to impose civil penalties with respect to a site listed on any federal or state listing of sites containing or believed to contain “hazardous materials” (as defined in the Environmental Laws), nor has the Borrower received notification that any hazardous substances (as defined under CERCLA) that it has disposed of have been found in any site at which any governmental agency is conducting an investigation or other proceeding under any Environmental Law.

(p) The Borrower has not received any notice that it is not in full compliance with the Employment Retirement Income Security Act of 1974 (“**ERISA**”), as amended, and the Department of Labor regulations thereunder, with the Code and Regulations thereunder and with terms of such plan or plans with respect to each pension or welfare benefit plan to which the Borrower is a party or makes any employer contributions with respect to its employees, for the current or prior plan years of such plans.

(q) The average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the facilities of the Project financed with the original net proceeds.

(r) The Bonds are not and shall not be “federally guaranteed” as defined in Section 149(b) of the Code.

(s) The Borrower intends to hold the Project for its own account and has no current plans to sell and has not entered into any agreement to sell all or any portion of the Project.

(t) 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.

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

(v) All of the partnership interests in the Borrower are validly issued and are fully registered, if required, with the applicable governmental authorities and/or agencies, and there are no outstanding options or rights to purchase or acquire those interests.

(w) The Borrower is, and will at all times be, a Single Purpose Entity.

(x) The Project is located wholly within the City and County of San Francisco.

(y) None of the Issuer, the Trustee or any director, member, officer or employee of the Issuer or the Trustee has any interest, financial, employment or other, in the Borrower, the Project or the transactions contemplated hereby.

(z) 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 in 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.

(aa) No part of the proceeds of the Bond Loans to the Borrower evidenced by this Financing Agreement will be used for the purpose of 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 any Permanent Loan Document.

(bb) 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.

(cc) Each requisition submitted by the Borrower shall contain an affirmation that the foregoing representations and warranties remain true and correct as of the date thereof.

[(dd) Neither the Borrower nor a “related person” as defined in Section 144(a)(3) of the Code shall purchase any portion of the Bonds.]

(ee) The Borrower shall cause the Borrower Equity Deposit to be deposited with the Trustee for deposit by the Trustee into the Borrower Equity Fund.

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

Section 2.02. Representations, Warranties and Covenants of the Issuer. The Issuer represents, covenants and warrants that:

(a) The Issuer is a municipal corporation and chartered city and county duly organized and validly existing under its 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 Bond Loans; to assign the revenues derived and to be derived by the Issuer from the Bond Loans to the Trustee; and to perform and observe the provisions of the Issuer Documents and the Bonds on its part to be performed and observed.

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

(d) To the best knowledge of the Issuer, there is no litigation pending with respect to which the Issuer has been served with process 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 2.03. Covenants of the Borrower. The Borrower hereby covenants and agrees that, on and after the Closing Date, it will:

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

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

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

(d) [Deliver to the Issuer copies of all leases (other than leases to residential tenants in the ordinary course of business in the form set forth in Exhibit C hereto) with respect to the Project or any portion thereof, whether executed before or after the date of this Financing Agreement;]

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

(f) [Comply with all restrictions, covenants and easements affecting the Project;]

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

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

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

(iii) The Issuer Fee and the Issuer Annual Fee, payable to the Issuer as set forth in Section 17 of the Regulatory Agreement, and the fees and expenses of the Issuer or any agents, attorneys, accountants, consultants selected by the Issuer to act on its behalf in connection with this Financing Agreement, the Regulatory Agreement, the Bonds or the Indenture, including, without limitation, any and all 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 Financing 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 supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the foregoing.

The obligations of the Borrower in the foregoing Section 2.3(g) and in Section ____ shall remain valid and in effect notwithstanding repayment of the loan hereunder or termination of this Financing 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

THE BONDS AND THE PROCEEDS THEREOF

Section 3.01. Issuance of Bonds. The Issuer has authorized the issuance of the Series J Bonds in the aggregate principal amount of \$60,006,000 and the Series K Bonds in the aggregate principal amount of \$24,834,000, and the Bonds in such amount shall be issued and Outstanding as of the Closing Date. The obligations of the Issuer, the Trustee and the Borrower under this Financing Agreement are expressly conditioned upon (i) the sale, issuance and delivery of the Bonds, (ii) receipt by the Trustee of the amounts set forth in Section 5.04 of the Indenture, and (iii) the making of the Construction Loan by the Construction

Lender. Neither the Issuer, the Lender, the Trustee nor Fannie Mae shall have any liability for any fees, costs or expenses, including, without limitation, issuance costs relating to the Bonds; all of such fees, costs and expenses shall be paid by the Borrower.

The Bonds will be issued pursuant to the Indenture in the aggregate principal amount, will bear interest, will mature and will be subject to redemption, mandatory tender and remarketing as set forth therein. The Borrower hereby approves the terms and conditions of the Indenture and the Bonds, and the terms and conditions under which the Bonds will be issued, sold and delivered and will comply with those provisions of the Indenture that contemplate action by the Borrower, all as if the Borrower were a party to the Indenture.

Section 3.02. Remarketing of Series K Bonds. The Authorized Borrower Representative, with the written consent of the Remarketing Agent is hereby granted the right to (a) request a remarketing of the Series K Bonds in the manner and to the extent set forth in Section 3.07 of the Indenture and (ii) designate the length of the Remarketing Period and the related Mandatory Tender Date in the manner and to the extent set forth in Sections 3.05 and 3.07 of the Indenture.

ARTICLE IV

THE BONDS, THE LOANS AND FEES

Section 4.01. Sources, Deposits and Uses. The Trustee shall apply the amounts deposited into the Series J Bond Proceeds Fund Account and the Series J Collateral Fund Account as provided in Sections 5.08 and 5.09 of the Indenture to secure the Series J Bonds until the MBS Delivery Date and then to purchase the MBS. The Trustee shall apply the amounts deposited into the Series K Bond Proceeds Fund Account and the Series K Collateral Fund Account as provided in Sections 5.08 and 5.09 of the Indenture to secure the Series K Bonds until the Initial Mandatory Tender Date and then to redeem the Series K Bonds unless the conditions to remarketing set forth in Section 3.07 of the Indenture are satisfied. The Borrower accepts the Construction Loan from the Construction Lender, upon the terms and conditions set forth in the Construction Loan Documents. The Borrower accepts the Permanent Loan from the Permanent Lender, upon the terms and conditions set forth herein, in the Permanent Loan Documents and in the Indenture, and subject to the terms and conditions of the Regulatory Agreement. The Issuer has caused the proceeds of the Bonds to be provided to the Trustee for deposit to the Bond Proceeds Fund. The Borrower acknowledges its obligation to pay all amounts necessary to pay principal of, premium, if any, and interest on the Bonds as provided in the Indenture. The Borrower has made arrangements for the delivery to the Trustee of the MBS and of certain other Eligible Funds as contemplated herein and in the Indenture. Payments on the MBS received by the Trustee shall be credited to amounts due from the Borrower for payment of principal of, premium, if any, and interest on the Series J Bonds.

Section 4.02. Loan of Proceeds. The Issuer agrees, upon the terms and conditions contained in this Agreement and the Indenture, to lend to the Borrower the proceeds received by the Issuer from the sale of the Bonds pursuant to the Bond Loans. Such proceeds shall be disbursed to or on behalf of the Borrower as provided in Section 4.08 hereof.

Section 4.03. Amounts Payable.

(a) The Borrower hereby covenants and agrees to repay the Series J Bond Loan Note and Series K Bond Loan Note on or before any date that any payment of interest or principal is required to be made in respect of the Bonds pursuant to the Indenture, until 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, in immediately available funds, a sum which, together

with any other moneys available for such payment in any account of the Revenue Fund, will enable the Trustee to pay the amount payable on such date as principal of (whether at maturity or acceleration or otherwise) and interest on the Bonds as provided in the Indenture. Payments by the Trustee of principal and interest on the Bonds from amounts in the Revenue Fund shall be credited against the Borrower's obligation to pay principal and interest on the Series J Bond Loan Note and Series K Bond Loan Note, as applicable. The Borrower also covenants and agrees to pay any additional interest, taxes or penalties that may be due as a result of a Determination of Taxability.

It is understood and agreed that all payments of principal and interest payable by the Borrower under subsection (a) of this Section 4.03 are assigned by the Issuer to the Trustee for the benefit of the Holders of the Bonds (excluding amounts on deposit in the Rebate Fund). The Borrower consents to such assignment.

(b) In the event the Borrower should fail to make any of the payments required in this Section 4.03, the item or installment so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and the Borrower agrees to pay the same with interest thereon, to the extent permitted by law, from the date when such payment was due, at the rate of interest borne by the Bonds.

(c) Notwithstanding anything herein to the contrary, so long as Borrower shall have made all payments then required on the Bond Loan Notes and the Mortgage Note or otherwise required pursuant to the Construction Loan Documents and the Permanent Loan Documents, Borrower shall have no obligation to pay any amounts with respect to the Bonds or the MBS.

Section 4.04. Obligations of the Borrower Unconditional. The obligations of the Borrower to make the payments required under this Agreement, and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any right of notice, setoff, recoupment or counterclaim it might otherwise have against the Issuer, the Trustee or any other Person. Subject to termination as provided herein, the Borrower (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for under this Agreement, (ii) will perform and observe all of its other agreements contained in this Agreement and (iii) will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, or change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State of California or any political subdivision of either, 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 Agreement, whether express or implied, or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture, whether express or implied.

Section 4.05. Payment of Fees and Expenses. In addition to all fees, costs, expenses and other amounts required to be paid by the Borrower under the Financing Documents, the Construction Loan Documents and the Permanent Loan Documents, the Borrower shall pay, without duplication, the following fees and expenses:

(a) the Costs of Issuance Deposit to be made to the Costs of Issuance Fund on the Closing Date pursuant to Section 5.04 of the Indenture;

(b) the Series J Negative Arbitrage Deposit to be made to the Series J Negative Arbitrage Account and the Series K Negative Arbitrage Deposit to be made to the Series K Negative

Arbitrage Account on the Closing Date pursuant to Section 5.04 of the Indenture, and as required pursuant to Sections 3.04 and 5.05(b) of the Indenture.

(c) to the Trustee for deposit into the Administrative Fund, the Ongoing Issuer Fee and the Trustee Fee;

(d) to the Trustee for deposit into the Administration Fund not later than ten (10) days after receipt of invoices or other statements rendered to the Borrower by the Trustee, the Issuer or the Rebate Analyst:

(i) All amounts required to (i) pay the fees of the Trustee for its duties and services as Trustee in connection with the Bonds (as such duties and services are set out in the Indenture) and (ii) reimburse the Trustee for all out-of-pocket expenses, fees, costs and other charges, including reasonable counsel fees and taxes (excluding income, value added and single business taxes), reasonably and necessarily incurred by the Trustee in performing its duties as Trustee under the Indenture, (iii) pay the fees of the Dissemination Agent for its duties and services as Dissemination Agent in connection with the Bonds (as such duties and services are set out in the Indenture) and (iv) in connection with a remarketing of the Series K Bonds, to pay the Remarketing Expenses.

(ii) The reasonable fees and expenses of the Issuer or any agents, attorneys, accountants, consultants selected by the Issuer to act on its behalf in connection with the Financing Documents, the Permanent Loan Documents or the Bonds, 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 the Financing Documents, the Permanent Loan Documents or the Bonds 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.

(iii) 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 or thereby (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, however*, 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.

(iv) The fees of the Rebate Analyst as required by the Indenture and all out-of-pocket expenses of the Rebate Analyst.

(e) All Costs of Issuance of the Bonds, including, but not limited to, Rating Agency fees, printing expenses, attorneys' fees and the Underwriter's fees, and all expenses of originating the Construction Loan by the Construction Lender and Permanent Loan by the Permanent Lender, the Borrower acknowledging that all such fees, costs and expenses must be paid by the Borrower

separate and apart from payments due under the Permanent Loan and will not be included in the Mortgage Note Rate.

(f) The obligations in this Section 4.05 and those in Section 5.09 hereof shall remain valid and in effect notwithstanding repayment of the Permanent Loan hereunder or termination of this Financing Agreement or the Indenture.

(g) Any fees the Issuer may charge in connection with any post-closing matters, including, but not limited to, modifications, consents and reviews.

All fees and expenses not included in the Mortgage Note Rate shall not be secured by the Mortgage, except as provided for therein, and shall be subordinate to the Borrower's obligations under the Permanent Loan in all respects. No such fees or expenses payable to the Issuer or the Trustee shall be paid from the proceeds of the MBS.

Section 4.06. Notification of Prepayment of Bond Loan Notes and Mortgage Note. The Borrower shall notify the Trustee promptly of any prepayment of the Bond Loan Note and the Mortgage Note, whether upon acceleration, by reason of application of insurance or condemnation proceeds, optional prepayment or otherwise. If such prepayment of the Series J Bond Loan Note or the Mortgage Note results in revisions to the Permanent Loan Amortization Schedule, the Lender shall provide the revised Permanent Loan Amortization Schedule to the Trustee.

Section 4.07. Collateral Payments. In consideration of and as a condition to the disbursement of Bond proceeds in the Bond Proceeds Fund to pay Project Costs, and to secure the Borrower's obligation to make payments on the Bond Loan Notes, the Borrower shall cause the delivery of Eligible Funds equal to the amount of the proposed disbursement to the Trustee on or before each such disbursement. All such Eligible Funds shall be paid to the Trustee for the account of the Issuer and shall be held in the Collateral Fund and disbursed in accordance with the provisions of the Indenture.

Section 4.08. Disbursements from the Bond Proceeds Fund and the Borrower Equity Fund. Subject to the provisions below and so long as no Event of Default hereunder has occurred and is continuing for which the principal amount of the Bonds has been declared to be immediately due and payable pursuant to Section 8.02 hereof and Section 8.02 of the Indenture, and no Determination of Taxability has occurred, disbursements from the Bond Proceeds Fund and the Borrower Equity Fund shall be made only to pay any of the Project Costs.

Any disbursements from the Bond Proceeds Fund for the payment of Project Costs shall be made by the Trustee only upon the receipt by the Trustee of: (a) a signed Requisition in the form attached hereto as Exhibit A, on which the Trustee may conclusively rely; and (b) Eligible Funds in an amount equal to the amount of any such disbursement request for deposit into the Collateral Fund as provided in Section 4.07 hereof. Any disbursements from the Borrower Equity Fund for the payment of Project Costs shall be made by the Trustee only upon the receipt by the Trustee of a signed Requisition in the form attached hereto as Exhibit A, on which the Trustee may conclusively rely. The Borrower hereby acknowledges and agrees that it shall submit disbursement requests to the Trustee no more frequently than once each calendar month. Each such disbursement request shall be consecutively numbered and accompanied by a copy of the approval of the Lender and the Issuer Servicer of the payments or reimbursements requested. Proceeds of the Bonds and the Borrower Equity Deposit disbursed pursuant to the provisions of this Financing Agreement may only be used to pay the Project Costs.

Any disbursement for any item not described in, or the cost for which item is other than as described in, the information statement filed by the Issuer in connection with the issuance of the Bonds as required

by Section 149(e) of the Code, and in the notice of public hearing pertaining to the Bonds shall be accompanied by an opinion of Bond Counsel to the effect that such disbursement will not adversely affect the status of the interest on the Bonds as excludible from gross income for federal income tax purposes of the Bondholders (except on Bonds while held by a substantial user or related person, each as defined in the Code). The Trustee shall have no obligation to determine if the requirements of this paragraph by the Borrower has been complied with.

Any money in the Bond Proceeds Fund remaining after the MBS Delivery Date shall be applied as provided in Section 5.08 of the Indenture.

Notwithstanding any provision of this Financing Agreement or any provision of the Indenture to the contrary, the Trustee shall not disburse funds from the Bond Proceeds Fund unless and until the Trustee confirms that Eligible Funds in the applicable Account of the Collateral Fund plus Eligible Funds in the applicable Account of the Bond Proceeds Fund, less the amount of the requested disbursement from the applicable Account of the Bond Proceeds Fund, is at least equal to the then-Outstanding principal amount of the Series J Bonds or Series K Bonds, as applicable.

Section 4.09. Borrower's Obligations Upon Tender of Series K Bonds. If the Series K Bonds are not remarketed on any Mandatory Tender Date and a sufficient amount is not available in the Series K Collateral Fund Account, the Series K Negative Arbitrage Account of the Revenue Fund and the Series K Subaccount of the Bond Proceeds Fund as provided in Section 3.01(f) of the Indenture for the purpose of paying the redemption price of such Bond, the Borrower will cause to be paid to the Trustee by the Mandatory Tender Date, Eligible Funds in an amount equal to the amount by which the redemption price of the Bonds exceeds the amount otherwise available pursuant to the Indenture.

ARTICLE V

COVENANTS, UNDERTAKINGS AND OBLIGATIONS OF THE BORROWER

Section 5.01. Taxes, Other Governmental Charges and Utility Charges. The Borrower shall pay, or cause to be paid, promptly as the same become due and payable, every lawful cost, expense and obligation of every kind and nature, foreseen or unforeseen, for the payment of which the Issuer, the Trustee, the Lender or Fannie Mae is or shall become liable by reason of its or their estate or interest in the Project or any portion thereof, by reason of any right or interest of the Issuer, the Trustee, the Lender or Fannie Mae in or under this Financing Agreement, or by reason of or in any manner connected with or arising out of the possession, operation, maintenance, alteration, repair, rebuilding, use or occupancy of the Project or any portion thereof, including, without limitation, all taxes (except income and similar taxes of such entities), assessments, whether general or special, all costs of maintenance and repair, insurance premiums (including public liability insurance and insurance against damage to or destruction of the Project) concerning or in any way related to the Project, or any part thereof, and any expenses or renewals thereof, all utility and other charges and assessments concerning or in any way related to the Project, and governmental charges and impositions of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Project or any machinery, equipment or other property installed or brought by the Borrower therein or thereon; *provided* that any amounts payable hereunder that are also required to be paid by the terms of the Mortgage shall be paid without duplication on the terms provided in the Mortgage.

Upon request, the Borrower shall furnish to the Issuer, the Trustee, Fannie Mae and the Lender proof of the payment of any such tax, assessment or other governmental or similar charge, or any other charge which is payable by the Borrower as set forth above.

Section 5.02. Compliance With Laws. The Borrower shall, throughout the term of this Financing Agreement and at no expense to the Issuer, the Trustee, the Lender or Fannie Mae promptly comply or cause compliance with all laws, ordinances, rules, regulations and requirements of duly constituted public authorities which may be applicable to the Project or to the repair and alteration thereof, or to the use or manner of use of the Project, including, but not limited to, the applicable provisions of the Americans With Disabilities Act and all applicable federal, State and local environmental, labor, health and safety laws, rules and regulations.

Section 5.03. Maintenance of Legal Existence. During the term of this Financing Agreement, the Borrower shall maintain its existence as set forth in Section 2.01(a) and shall not terminate, dissolve or dispose of all or substantially all of its assets; *provided, however*, that the Borrower may, with the written permission of the Issuer, consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it, or transfer all or substantially all of its assets to another entity, but only on the condition that the assignee entity or the entity resulting from or surviving such merger or consolidation (if other than the Borrower), or the entity to which such transfer shall be made, shall be duly organized and existing, in good standing and qualified to do business under the laws of the State, shall remain so continuously during the term hereof, and shall expressly assume in writing and agree to perform all of the Borrower's obligations hereunder and under all other documents executed by the Borrower in connection with the issuance of the Bonds; provided, further, that (i) the Borrower delivers an opinion of Bond Counsel to the effect that such consolidation or merger shall not cause interest on the Bonds to be included in gross income for federal income tax purposes, and (ii) any transfer of the Project shall be effected in accordance with the Mortgage. Nothing in this Section 5.03 shall be deemed to relieve the Borrower of its obligations to comply with the provisions of the Permanent Loan Documents.

Section 5.04. Operation of Project. The Borrower will not sell, transfer or otherwise dispose of the Project except as provided in the Regulatory Agreement, the Permanent Loan Documents and Section 5.03 of this Financing Agreement.

Section 5.05. Tax Covenants. The Borrower hereby covenants and agrees as follows:

(a) It shall (a) take or cause to be taken all actions necessary or appropriate in order to ensure fully and timely compliance with Section 9.12 of the Indenture, and (b) if required to do so under Section 9.12 of the Indenture, select at the Borrower's expense, a Rebate Analyst reasonably acceptable to the Issuer for the purpose of making any and all calculations required under Section 9.12 of the Indenture. Such calculations, if required, shall be made in the manner and at such times as specified in Section 9.12 of the Indenture. The Borrower shall cause the Rebate Analyst to provide such calculations to the Trustee and the Issuer at such times and with such directions as are necessary to comply fully with the arbitrage and rebate requirements set forth in the Indenture and to comply fully with Section 148 of the Code, including the timely payment of any arbitrage rebate owed.

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

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

(d) No changes will be made to the Project, no actions will be taken by the Borrower and the Borrower will not omit to take any actions, which will in any way adversely affect the tax-exempt status of the Bonds.

(e) It will comply with the requirements of Section 148 of the Code and the Regulations issued thereunder so long as any Bonds remain Outstanding and will not make any use of the proceeds of the Bonds, or of any other funds which may be deemed to be proceeds of the Bonds under the Code and the related regulations of the United States Treasury, which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(f) If the Borrower becomes aware of any situation, event or condition which would, to the best of its knowledge, result in the interest on the Bonds becoming includable in gross income of the holders thereof for federal income tax purposes, it will promptly give written notice of such circumstance, event or condition to the Issuer, the Trustee, the Lender and Fannie Mae.

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

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

(i) All leases will comply with all applicable laws and the Regulatory Agreement.

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

(k) No proceeds of the Bond Loans shall be used for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property is pursuant to such acquisition; *provided, however*, that this limitation shall not apply with respect to any building (and the equipment therefor) if rehabilitation expenditures (as defined in Section 147(d) of the Code) with respect to such building equal or exceed 15% of the portion of the cost of acquiring such building (and equipment) financed with the proceeds; and *provided, further*, that this limitation shall not apply with respect to any structure other than a building if rehabilitation expenditures with respect to such structure equal or exceed 100% of the portion of the cost of acquiring such structure financed with the proceeds.

(l) From the proceeds of the Bonds and investment earnings thereon, an amount not in excess of 2% of the proceeds of the Bonds will be used for Costs of Issuance of the Bonds, all within the meaning of Section 147(g)(1) of the Code.

(m) No proceeds of the Bonds shall be used directly or indirectly to provide any airplane, skybox or other private luxury box, health club facility, facility used for gambling or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

In the event of a conflict between the terms and requirements of this Section 5.05 and the Tax Certificate, the terms and requirements of the Tax Certificate shall control.

Section 5.06. Further Assurances and Corrective Instruments. The parties hereto agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and to the other documents contemplated hereby as may reasonably be required to carry out the intention of or to facilitate the performance of this Financing Agreement, the Permanent Loan Documents or the other Financing Documents or to perfect or give further assurances of any of the rights granted or provided for herein, the Permanent Loan Documents or the other Financing Documents.

The Borrower agrees that it will have the books and records of the Borrower audited annually by an independent certified public accountant as soon as practicable after the close of each fiscal year of the Borrower, and will furnish within 120 days after the end of each fiscal year to the Issuer and the Trustee commencing in the fiscal year in which the rehabilitation of the Project is complete (as evidenced by a Completion Certificate) a copy of the audit report certified by such Accountant and prepared in accordance with generally accepted accounting principles, which report shall include calculations of the availability of funds for distributions and disclose the amount of General Partner and other partner distributions for the preceding year. The Borrower and the Issuer acknowledge that the Trustee shall have no obligations under this Section 5.06 other than to receive such statements and, if requested, to furnish such statements to Bondholders.

The Borrower shall execute and file, or shall cause to be executed and filed any and all financing statements, or any amendments thereof or continuation statements thereto, to perfect the security interests granted in the Indenture, in the manner prescribed in the Indenture. The Borrower shall pay all costs of filing such instruments and any fees and expenses (including reasonable attorney's fees) associated therewith.

Section 5.07. Compliance With Other Documents. The Borrower shall make all payments and shall observe and perform all covenants, conditions and agreements required to be paid, observed or performed by the Borrower under the Financing Documents, the Mortgage Note, the Mortgage, the other Permanent Loan Documents, the Regulatory Agreement and all other documents, instruments or agreements which may at any time, or from time to time, be entered into by the Borrower with respect to the Project or the operation, occupancy or use thereof. The Indenture has been submitted to the Borrower for examination, and the Borrower, by execution of this Financing Agreement, acknowledges and agrees that it has participated in the negotiation of the Indenture that it has approved and agreed to each of the provisions of the Indenture and that it is bound by, shall adhere to the provisions of, and shall have the rights set forth by the terms and conditions of, the Indenture and covenants and agrees to perform all obligations required of the Borrower pursuant to the terms of the Indenture.

The Borrower hereby grants to the Trustee for the benefit of the Lender, Fannie Mae and the Bondholders a security interest in all of its rights in and to all funds created or established by the Trustee under the Indenture in the manner and subject to the terms and conditions of the Indenture.

Section 5.08. Notice of Certain Events The Borrower hereby covenants to advise the Lender, the Issuer and the Trustee promptly in writing of the occurrence of any default by the Borrower in the performance or observance of any covenant, agreement, representation, warranty or obligation of the

Borrower set forth in this Financing Agreement, in any of the other Financing Documents or any other documents contemplated hereby or thereby, or of any Event of Default hereunder known to it or of which it has received notice, or any event which, with the passage of time or service of notice, or both, would constitute an Event of Default hereunder, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto. Such notice shall be given promptly, and in no event less than ten (10) Business Days after the Borrower receives notice or has knowledge of the occurrence of any such event. The Borrower further agrees that it will give prompt written notice to the Trustee and the Lender if insurance proceeds or condemnation awards are received with respect to the Project and are not used to repair or replace the Project, which notice shall state the amount of such proceeds or award.

The Borrower further covenants to provide such parties notice of the Placed in Service Date promptly upon its occurrence.

Section 5.09. Indemnification. The Borrower covenants and agrees to indemnify, hold harmless and defend the Issuer, the Trustee, the Lender, Fannie Mae, the Underwriter and their respective officers, members, directors, officials, agents and employees and each of them (each an “**indemnified party**”) from and against, (a) any and all claims, joint or several, by or on behalf of any person arising from any cause whatsoever in connection with transactions contemplated hereby or otherwise in connection with the Project, the Bonds or the execution or amendment of any document relating thereto, including, but not limited to, the Financing Documents; (b) any and all claims, joint or several, arising from any cause whatsoever in connection with the approval of financing for the Project or the making of the Permanent Loan, its assignment to the Permanent Lender or the execution or amendment of any document related thereto, including, but not limited to, the Permanent Loan Documents; (c) any and all claims, joint or several, arising from any act or omission of the Borrower or any of its agents, servants, employees or licensees, in connection with the Project, the Financing Agreement or the Permanent Loan, including but not limited to, the Permanent Loan Documents; (d) all reasonable costs, counsel fees, expenses or liabilities incurred in connection with any such claim, or proceeding brought thereon; (e) any and all claims arising in connection with the issuance and sale, resale or remarketing of any Bonds or any certifications or representations made by any Person other than the party seeking indemnification in connection therewith and the carrying out by the Borrower of any of the transactions contemplated by the Bonds, the Financing Documents, and the Permanent Loan Documents; (f) any and all claims arising in connection with the operation of the Project, or the conditions thereof, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, rehabilitation, equipping, installation or construction of, the Project or any part thereof; and (g) any and all losses, claims, damages, liabilities or expenses, joint or several, arising out of or connected with the Trustee’s acceptance or administration of the trusts created by the Indenture and the exercise of its powers or duties thereunder or under this Financing Agreement, the Regulatory Agreement or any other agreements in connection therewith to which it is a party; except (i) in the case of the foregoing indemnification of the Trustee or the Lender or any of their respective officers, members, directors, officials and employees, to the extent such damages are caused by the negligence or willful misconduct of such Person; or (ii) in the case of the foregoing indemnification of the Issuer or any of its officers, members, directors, officials and employees, to the extent such damages are caused by the willful misconduct of such Person. 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, shall assume the investigation and defense thereof, including the employment of counsel selected by the Borrower, subject to the approval of the indemnified party in such party’s sole but reasonable discretion, 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 Trustee and the Lender shall have the right to review and approve or disapprove any such compromise or settlement. Each indemnified party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and

expenses of such separate counsel; *provided, however*, that unless such separate counsel is employed with the approval of the Borrower, which approval shall not be unreasonably withheld, the Borrower shall not be required to pay the fees and expenses of such separate counsel.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of the Regulatory Agreement, the Borrower shall remain obligated to indemnify each indemnified party pursuant to this Section if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless such indemnified party has consented to such transfer and to the assignment of the rights and obligations of the Borrower hereunder.

During any period that the Lender or Fannie Mae owns the Project and that this Section 5.09 is applicable to the Lender and Fannie Mae, the obligations of the Lender or Fannie Mae, as applicable, under this Section 5.09 shall be limited to acts and omissions of the Lender or Fannie Mae occurring during the period of the Lender's or Fannie Mae's ownership of the Project.

Nothing contained in this Section 5.09 shall in any way be construed to limit the indemnification rights of the Issuer contained in the Regulatory Agreement. With respect to the Issuer, the Regulatory Agreement shall control in any conflicts between this Section 5.09 and the Regulatory Agreement.

Section 5.10. Right to Perform Borrower's Obligations. In the event the Borrower fails to perform any of its obligations under this Financing Agreement, the Issuer, the Lender, Fannie Mae and/or the Trustee, after giving the requisite notice, if any, may, but shall be under no obligation to, perform such obligation and pay all costs related thereto, and all such costs so advanced by the Issuer, the Lender, Fannie Mae or the Trustee shall become an additional obligation of the Borrower hereunder, payable on demand with interest thereon at the default rate of interest payable under the Permanent Loan Documents.

Section 5.11. Nonrecourse Provisions. Notwithstanding anything to the contrary, the obligations of the Borrower pursuant to this Financing Agreement shall not be secured by or create a lien or charge on in any manner the property of the Borrower or its partners, including the Project or the rents, issues and profits thereof, and except with respect to Sections 4.05 and 5.09 hereof shall be non-recourse to the Borrower and its partners; however, Sections 4.05 and 5.09 shall be recourse to the Borrower but non-recourse to the partners of the Borrower.

The limit on the Borrower's liability set forth in this Section shall not, however, be construed, and is not intended to in any way, constitute a release, in whole or in part, of the indebtedness evidenced by this Agreement or a release, in whole or in part, or an impairment of the security interest, or in case of any default or enforcing any other right of the Issuer under this Agreement or to alter, limit or affect the liability of any person or party who may now or hereafter or prior hereto guarantee, or pledge, grant or assign its assets or collateral as security for, the obligations of the Borrower under this Agreement.

Section 5.12. Indenture of Trust. The provisions of the Indenture concerning the Bonds and other matters therein are an integral part of the terms and conditions of the Permanent Loan, and this Financing Agreement shall constitute conclusive evidence of approval of the Indenture by the Borrower to the extent it relates to the Borrower. Additionally, the Borrower agrees that, whenever the Indenture by its terms imposes a duty or obligation upon the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Indenture, and the Borrower agrees to carry out and perform all of its obligations under the Indenture as fully as if the Borrower were a party to the Indenture.

Section 5.13. Issuer and Borrower Representatives. Whenever under the provisions of this Agreement the approval of the Issuer or the Borrower is required or the Issuer or the Borrower is required

to take some action at the request of the other, such approval or such request shall be given in writing both for the Issuer by an authorized representative of the Issuer and for the Borrower by an Authorized Borrower Representative. The Trustee shall be authorized to act on any such approval or request pursuant to the Indenture.

Section 5.14. Conflicts; Defaults. There is (i) no provision of the Borrower's or General Partner's organizational documents or resolutions of the Borrower and no provision of any existing mortgage, indenture, contract or agreement binding on the Borrower or the General Partner or affecting any of the Borrower's property and (ii) to the Borrower's or General Partner's knowledge, no provision of law or order of court binding upon the Borrower or General Partner or affecting any of the Borrower's property, in either case which would conflict with or in any way prevent the execution, delivery, or performance of the terms of the Financing Documents, or which would be in default or violated as a result of such execution, delivery or performance. The Borrower is not in material default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any material agreement or instrument to which it is a party.

Section 5.15. Compliance with Laws. The Borrower will use due diligence to cause the Project to be operated in accordance with the Act and all other applicable laws, rulings, regulations and ordinances of any Governmental Authority, and the departments, agencies and political subdivisions thereof. The Borrower has obtained or will cause to be timely obtained all requisite approvals of any Governmental Authorities, and of other federal and local governmental bodies required for the operation of the Project.

Section 5.16. Governmental Requirements. To the Borrower's knowledge, no violation of any Governmental Requirement exists with respect to the Project, the Borrower, or any other asset of the Borrower, the Project conforms in all material respects with all applicable zoning, planning, building and environmental laws, ordinances and regulations of Governmental Authorities having jurisdiction over the Project, all necessary utilities are available to the Project, and the Borrower has obtained or will obtain all requisite zoning approvals necessary with respect to the Project.

Section 5.17. Condemnation. No condemnation, eminent domain or similar proceeding is pending, or to the knowledge of the Borrower, threatened, with respect to the Project or any portion thereof.

Section 5.18. Financing Statements. The Borrower shall file, or shall cause to be filed, and shall deliver copies to the Trustee of any and all financing statements, or any amendments thereof or continuation statements thereto, to perfect the security interests granted in the Indenture, in the manner prescribed in the Indenture. The Borrower shall pay all costs of filing such instruments and any fees and expenses (including reasonable attorney's fees) associated therewith.

Section 5.19. Agreement to Construct the Project. The Borrower agrees to make all contracts and do all things necessary for the rehabilitation of the Project. The Borrower further agrees that it will construct the Project with all reasonable dispatch and use its best efforts to cause the rehabilitation of the Project to be completed by the Completion Date, or as soon thereafter as may be practicable, delays caused by force majeure as described in Section 9.10 of the Indenture only excepted; but if for any reason such rehabilitation is not completed by said Completion Date there shall be no resulting liability on the part of the Borrower or the Issuer and no diminution in or postponement of the payments required in Section 4.02 hereof to be paid by the Borrower.

Section 5.20. Access to the Project. The Borrower agrees that the Issuer, the Trustee and their duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right to inspect the Project and the rehabilitation thereof at all reasonable times. The Borrower acknowledges that

the Issuer shall monitor the rehabilitation of the Project. The Issuer, the Trustee and their duly authorized agents shall also be permitted, at all reasonable times, to examine the books, accounts, contracts, documents, and other papers of the Borrower with respect to the Project which shall all be maintained by the Borrower in reasonable condition and for audit.

Section 5.21. Insurance. The Borrower shall obtain and keep in force such insurance coverage as may be required by the Construction Loan Documents and the Permanent Loan Documents. All insurance policies and renewals thereof relating to the Project shall designate the Issuer and the Trustee as additional insureds for liability insurance. The Issuer shall be furnished with full copies of all policies within fifteen (15) calendar days of Borrower's receipt and shall have the right to receive duplicate copies of policies and renewals, and the Borrower shall promptly furnish the Issuer and the Lender with copies of all renewal notices and all receipts for paid premiums within fifteen (15) calendar days of receipt thereof. The Borrower shall notify the Issuer at least thirty (30) days in advance of an endorsement or of any change in the terms of coverage adverse to the Issuer. In the event of loss, the Borrower shall give prompt notice to the insurance carrier and the Issuer.

With respect to any casualty insurance, it shall (i) be in an amount equal to the greater of the actual cash value of the replacement cost of the insurable, then existing improvements and equipment in the Project and (ii) be provided by an insurance company with a claims paying ability rating of not less than "A" by the Rating Agency.

Section 5.22. Covenant with Bondholders. The Issuer and the Borrower agree that this Agreement is executed and delivered in part to induce the purchase by others of the Bonds and, accordingly, all covenants and agreements of the Issuer and the Borrower contained in this Agreement are hereby declared to be for the benefit of the Trustee and the Holders of the Bonds from time to time. Notwithstanding the foregoing, the Bondholder's rights to enforce this provision of this Agreement are governed by the terms of the Indenture.

Section 5.23. Covenant to Provide Ongoing Disclosure. The Borrower shall enter into a written undertaking for the benefit of the Holders to provide for the continuing disclosure of information about the Bonds, the Borrower and other matters as may be required to cause compliance with the Rule 15c2 12 of the Securities and Exchange Commission (the "Rule"). Failure of the Borrower to comply with the Rule shall not be a default under the Indenture, this Financing Agreement or any of the other Bond Documents; provided, however, the Borrower acknowledges that the Issuer, the Trustee or any Bondholder shall be entitled to bring an action for specific performance to cause the Borrower to comply with the covenant set forth in this section.

Section 5.24. Compliance with City Contracting Requirements. The Borrower covenants and agrees to comply with the provisions set forth in Exhibit D to This Financing Agreement.

Section 5.25. Tax Credit Requirement. Notwithstanding anything to the contrary set forth in the Documents, including, without limitation, IRS Form 8038 completed at the time of issuance of the Bonds, all of the Bond proceeds shall, for federal income tax purposes, be (1) allocated on a pro rata basis to each building in the Development, and (2) used exclusively to pay costs of acquisition, rehabilitation and equipping of the Development which are includable in the aggregate basis of any building and the land on which the building is located ("Eligible Costs") in a manner such that each building satisfies the requirement of Section 42(h)(4)(B) of the Code. Accordingly, no Bond proceeds will be used to pay any of the Costs of Issuance for the Bonds or to fund any reserve account other than the Project Fund or an account to be used to pay Eligible Costs. The Issuer and the Borrower each acknowledge that the Borrower intends to cause the Development to satisfy the requirements necessary for low income housing tax credit ("Tax Credit") pursuant to Section 42 of the Code. In the event that any of the restrictions described in this Agreement

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conflict with any Tax Credit requirements imposed by Section 42 of the Code or any Tax Credit requirements imposed by the Issuer and the Borrower each agree that the more restrictive requirements shall control. The provisions of this Section 5.25 are for the benefit of the Borrower and neither the Trustee nor the Issuer shall have any obligation to enforce this Section 5.25 nor shall they incur any liability to any Person, including without limitation, the Borrower, the General Partner and any other affiliate of the Borrower or the Holders of the Bonds for any failure to meet the requirements of this Section 5.25; and provided further, failure to comply with this Section 5.15 shall not constitute a default or Event of Default under this Agreement.

Section 5.26. Brokers and Financial Advisors. The Borrower hereby represents that it has dealt with no financial advisors, brokers, underwriters, placement agents, agents or finders in connection with the Bond Loans, other than those disclosed to the Issuer and the Lender and whose fees shall be paid by the Borrower pursuant to a separate agreement. The Borrower and the Lender shall indemnify and hold the other harmless from and against any and all claims, liabilities, costs and expenses of any kind in a way relating to or arising from a claim by any person that such person acted on behalf of the indemnifying party in connection with the transactions contemplated herein. The provisions of this Section 5.26 shall survive the expiration and termination of this Agreement and the repayment of the Borrower's Obligations.

Section 5.27. Issuer, Trustee and Lender Not in Control; No Partnership. None of the covenants or other provisions contain in this Financing Agreement shall, or shall be deemed to, give the Issuer, the Trustee or the Lender the right or power to exercise control over the affairs or management of the Borrower, the power of the Issuer, the Trustee and the Lender being limited to the rights to exercise the remedies referred to in the Documents. The relationship between the Borrower and the Issuer, the Trustee, the Lender and the Bondholders is, and at all times shall remain, solely that of debtor and creditor. No covenant or provision of the Documents is intended, nor shall be deemed or construed, to create a partnership, joint venture, agency or common interest in profits or income between the Borrower and the Issuer, the Trustee, the Lender or any Bondholder or to create an equity interest in the Development in the Issuer, the Trustee, the Lender or any Bondholder. Neither the Issuer, the Trustee, the Lender nor any Bondholder undertakes or assumes any responsibility or duty to the Borrower or to any other person with respect to the Development, except as expressly provided in the Documents; and notwithstanding any other provision of the Documents: (1) the Issuer, the Trustee and the Bondholders are not, and shall not be construed as, a partner, joint venture, alter ego, manager, controlling person or other business associate or participant of any kind of the Borrower or its stockholders, members or partners and the Issuer, the Trustee and the Bondholders do not intend to ever assume such status; (2) the Issuer, the Trustee and the Bondholders shall in no event be liable for any of the Borrower's Obligations, expenses or losses incurred or sustained by the Borrower; and (3) the Issuer, the Trustee and the Bondholders shall not be deemed responsible for or a participant in any acts, omissions or decision to the Borrower or its stockholders, members or partners. The Issuer, the Trustee the Bondholders and the Borrower disclaim any intention to create a partnership, joint venture, agency or common interest in profits or income between the Issuer, the Trustee, the Bondholders and the Borrower or to create an equity an equity interest in the Development of the Issuer, the Trustee or the Bondholders, or any sharing of liabilities, losses, costs or expenses.

Section 5.28. Agreement to Pay Attorneys' Fees and Expenses. In the event the Borrower should default under any of the provisions of this Agreement or under the Series J Bond Loan Note or Series K Bond Loan Note and the Issuer and/or the Trustee should employ attorneys or incur other expenses for the collection of payments required hereunder or under the Series J Bond Loan Note or Series K Bond Loan Note, or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained herein or in the Bond Loan Notes, the Borrower agrees that it will on demand therefor pay to the Issuer and the Trustee, as the case may be, the fees and expenses of such attorneys and such other expenses so incurred by the Issuer and/or the Trustee. This Section 5.28 will continue in full force and effect notwithstanding the full payment of the obligations under the Agreement or the termination of this Agreement for any reason.

Section 5.29. Right to Cure. Notwithstanding anything herein to the contrary, if the Borrower shall, for whatever reason, at any time fail to pay any amount or perform any act which it is obligated to pay or perform and, as a result a default or event of default occurs or may occur, the Investor Limited Partner shall have the right to perform such act or pay such amount on behalf of the Borrower and thereby cure or prevent such default or event of default, provided such default or event of default is cured within any applicable cure period or grace period provided herein to the Borrower.

Section 5.30. Representation and Warranty Regarding Hazardous Materials. Before signing this Agreement, the Borrower engaged qualified professionals to research and inquire into the previous uses and owners of the Project and prepare the reports and studies, each of which (collectively, the “Hazardous Materials Reports”) has been delivered to the Investor Limited Partner and the Issuer. Based solely on that due diligence, the Borrower represents and warrants that, except as the Borrower has disclosed to Investor Limited Partner and the Issuer in writing and in the Hazardous Materials Reports prior to the execution of this Agreement, to the best of Borrower’s knowledge, (i) no Hazardous Materials have been disposed of, or released to or from, or otherwise now exists in, on, under or around the Project at a level of concentration that results in the Hazardous Materials being subject to regulation, control, removal or restriction by any governmental agency under any law, regulation or ordinance, and (ii) no aboveground or underground storage tanks are now or have ever been located on or under the Project. Notwithstanding anything to the contrary, disclosure to the Issuer of any Hazardous Materials located at the Project prior to the Closing Date shall in no way release the Borrower from its indemnification obligations provided in this Agreement.

Section 5.31. Compliance Regarding Hazardous Substances. Borrower has complied, will comply, and will use commercially reasonable efforts to cause all tenants and any other Persons who may come upon the Project to comply, with all federal, state and local laws, regulations and ordinances governing or applicable to Hazardous Materials, including those requiring disclosures to prospective and actual buyers or tenants of all or any portion of the Project. The Borrower will not install or allow to be installed any aboveground or additional underground storage tanks on the Project. The Borrower must comply with the recommendations of any qualified environmental engineer or other expert engaged by the Borrower, with the reasonable approval of the Issuer; provided, however, in the event of default of this Section 5.31, Issuer may engage the services of a qualified environmental engineer of its choice.

Section 5.32. Notices Regarding Hazardous Materials. The Borrower must promptly notify the Issuer in writing (i) if it has actual knowledge that (a) there may be any Hazardous Materials in or around any part of the Project, any improvements constructed on the Project, or the soil, groundwater or soil vapor on or under the Project at a level of concentration that results in the Hazardous Materials being subject to regulation, control, removal or restriction by any governmental agency under any law, regulation or ordinance, or (b) that the Borrower or the Project may be subject to any threatened or pending investigation by any governmental agency under any law, regulation or ordinance pertaining to any Hazardous Materials, and (ii) of any claim made or threatened by any Person, other than a governmental agency, against the Borrower arising out of or resulting from any Hazardous Substance being present or released in, on or around any part of the Project, any improvements constructed on the Project or the soil, groundwater or soil vapor on or under the Project (any of the matters described in clauses (i) and (ii) above that are in, on, or under the Project are a “Hazardous Materials Claim”).

Section 5.33. Remedial Work. The Borrower must promptly undertake any and all remedial work (“Remedial Work”) in response to Hazardous Materials Claims to the extent required by governmental agency or agencies involved, or to comply with the recommendations set forth in any written environmental assessment report prepared by a third-party engineer retained by the Limited Partner or the Issuer or in any Hazardous Materials Report, if such standard requires a higher degree of remediation, and in all events to

minimize any impairment to Trustee's security under the Financing Documents. All Remedial Work must be conducted (i) in a diligent and timely fashion by licensed contractors acting under the supervision of a consulting environmental engineer; (ii) pursuant to a detailed written plan for the Remedial Work approved by all public or private agencies or Persons with a legal or contractual right to such approval; (iii) with insurance coverage pertaining to liabilities arising out of the Remedial Work as is then customarily maintained with respect to such activities; and (iv) only following receipt of any required permits, licenses or approvals. The selection of the Remedial Work contractors and consulting environmental engineer, the contracts entered into with such parties, any disclosures to or agreements with any public or private agencies or parties relating to Remedial Work and the written plan for the Remedial Work (and any changes thereto) is subject to the prior written approval of the Issuer, which approval may not be unreasonably withheld or delayed.

Section 5.34. Indemnity Regarding Hazardous Substances. The Borrower, the General Partner and the Key Principals (the "**Indemnitors**") each jointly and severally indemnifies, defends and holds each Indemnified Party harmless from and against any and all costs directly or indirectly arising out of or resulting from any Hazardous Materials being present or released in, on or around any part of the Project, or in the soil, groundwater or soil vapor on or under the Project (collectively, "**Indemnified Costs**"), arising out of or as a result of events prior to the later of the full and final payment of the Bonds or the date of a transfer by the Borrower of all of its interests in the Project, as applicable, including:

(a) any claim for such Indemnified Costs asserted against any Indemnified Party by any federal, state or local governmental agency, including the United States Environmental Protection Agency and all of the environmental regulatory authorities of the State of California, and including any claim that any Indemnified Party is liable for any such Indemnified Costs as an "owner" or "operator" of the Project under any law relating to Hazardous Materials; and

(b) any claim for such Indemnified Costs asserted against any Indemnified Party by any Person other than a governmental agency, including (i) any Person who may purchase or lease all or any portion of the Project from Borrower, from any Indemnified Party or from any other purchaser or lessee, (ii) any Person who may at any time have any interest in all or any portion of the Project, (iii) any Person who may at any time be responsible for any clean-up costs or other Indemnified Party relating to the Project, and (iv) any Person claiming to have been injured in any way as a result of exposure to any Hazardous Materials; and

(c) any Indemnified Costs incurred by any Indemnified Party in the exercise by the Indemnified Party of its rights and remedies under Financing Agreement; and

(d) any Indemnified Costs incurred by any Indemnified Party as a result of currently existing conditions in, on or around the Project, whether known or unknown by the Indemnitors or the Indemnified Party at the time this Agreement is executed, or attributable to the acts or omissions of the Indemnitors, any of the Borrower's tenants, or any other Person in, on or around the Project with the consent or under the direction of the Indemnitors; and

(e) any Indemnified Costs incurred by any Indemnified Party as a result of the deposit, storage, disposal, burial, dumping, injecting, spilling, leaking, or other placement or release in, on or from the Project of Hazardous Materials or the violation or alleged violation of any Hazardous Materials Law or official interpretation thereof in connection with the Project or the land on which it is located.

The obligations of the Indemnitors under this Section are joint and several, and are in addition to and shall not be limited by the provisions of Section 5.11 hereof and shall survive the termination of this Agreement.

Upon demand by any Issuer Indemnified Party, the Indemnitors must defend any investigation, action or proceeding involving any Indemnified Costs that is brought or commenced against the Issuer Indemnified Party, whether alone or together with Borrower or any other person, all at the Borrower's own cost and by counsel approved by the Indemnified Party. In the alternative, any Indemnified Party may elect to conduct its own defense at the Borrower's expense.

Section 5.35. Indemnification by Borrower, General Partner and Key Principals.

(a) The Indemnitors hereby agree to indemnify and save harmless the Issuer and the Trustee from and against all liabilities, obligations, suits, actions, claims, judgments, demands, damages, penalties, fines, assessments, losses, expenses, fees (including all fees of attorneys, auditors, and consultants), taxes (including rebate to the United States) but exclusive of income taxes on fees earned by the Trustee, contributions, and costs of every kind and nature (including litigation and court costs, amounts paid in settlement by or with the approval of the Borrower and amounts paid to discharge judgments) (collectively, "**Claims**") incurred by, asserted or imposed against an Indemnified Party (hereinafter defined), the Indemnitors or any other person directly or indirectly resulting from or arising out of or relating to (but excluding such Claims arising from the willful misconduct of the Issuer or the negligence or willful misconduct of the Trustee):

(i) the issuance, offering, sale, delivery or remarketing of the Bonds;

(ii) the design, construction, installation, rehabilitation, operation, use, occupancy, maintenance, repair, management or ownership of the Project;

(iii) the enforcement of (a) the provisions of this Agreement, the other Financing Documents and any other document executed by the Borrower in connection with issuance of the Bonds and the making of the Bond Loans and (b) the obligations of the Borrower imposed hereby or thereby;

(iv) any untruthful, misleading or inaccurate information supplied by the Borrower relating to the Project, the Borrower, the Project manager or to the terms of financing relating to the Project, including, but not limited to, any breach of any representation or warranty of the Borrower set forth in the Financing Documents or any certificate delivered pursuant thereto, and any representation, or warranty of the Borrower, or any information provided by the Borrower that contains or contained any untrue or misleading statement of fact or omits or omitted to state any material fact necessary to make the statements made therein not misleading in light of the circumstances under which they were made;

(v) any breach or alleged breach (except in the case of a breach alleged by the Issuer or the Trustee and such alleged breach is not found by a court of competent jurisdiction) by the Borrower of the covenants contained herein;

(vi) any injury to or death of any Person or damage to property in or upon the Project or growing out of or connected with the repair, management, ownership, operation, use, non-use, maintenance, construction, design, installation, rehabilitation, condition or occupancy of the Project or any part thereof, including any and all acts or operations

relating to any construction, rehabilitation, operation, use, non-use, design, management, ownership, condition, occupancy, maintenance, installation or repair performed by the Borrower in connection with the Project;

(vii) violation or breach of any agreement, covenant, representation, warranty or condition of this Agreement (except in the case of a breach alleged by the Issuer or the Trustee and such alleged breach is not found by a court of competent jurisdiction) or the [Series J Bond Loan Note] or Series K Bond Loan Note, except by the Issuer or the Trustee;

(viii) any Determination of Taxability with respect to the Bonds, including, but not limited to, the fees and expenses of the Issuer or the Trustee and their counsel with respect to such Determination of Taxability in responding to any inquiry or audit by the Internal Revenue Service;

(ix) the deposit, storage, disposal, burial, dumping, injecting, spilling, leaking, or other placement or release in, on or from the Project of Hazardous Materials or the violation or alleged violation of any Hazardous Materials Law or official interpretation thereof in connection with the Project or the land on which it is located;

(x) all expenses reasonably incurred in the investigation of, preparation for or defense of any litigation, proceeding or investigation of any nature whatsoever related to the Project or the Bonds, commenced or threatened against the Project or an Indemnified Party;

(xi) any action, suit, claim, demand or proceeding contesting or affecting title to the Project;

(xii) any suit, action, administrative proceeding, enforcement action, or governmental or private action of any kind whatsoever commenced against the Project or an Indemnified Party that might adversely affect the validity or enforceability of the Bonds, the Financing Documents, or the performance by the Borrower or by any Indemnified Party of their respective obligations under the Financing Documents, the Indenture or any other document executed in connection therewith by the Borrower or any Indemnified Party; and

(xiii) information provided by the Borrower or required and failed to be furnished by the Borrower relating to the Borrower or the Project, including, without limitation, information provided by the Borrower for inclusion in the preliminary or final Official Statement or any other offering document used in connection with the sale of the Bonds, any information furnished, or required and failed to be furnished, by the Borrower in accordance with Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (if applicable), any information furnished by the Borrower for, and included in, or used as a basis for preparation of, any certifications, information statements or reports furnished by the Issuer, any other information or certification obtained from the Borrower to assure the exclusion of the interest on the Bonds from gross income of the Holders thereof for federal income tax purposes, and the transactions contemplated by the Indenture, the Bonds, and the Financing Documents and the carrying out by the Borrower of any of the transactions contemplated by the Bonds, the Indenture and the Financing Documents.

All references to the Issuer and the Trustee in this section shall be deemed to include all their respective past, present, and future officers, directors, members, employees, commissioners,

and agents and their permitted successors and assigns (also referred to herein as “Indemnified Parties”).

The Indemnitors shall indemnify and save each Indemnified Party harmless from any such Claims (but excluding such Claims arising from the willful misconduct of the Issuer or the negligence or willful misconduct of the Trustee) and upon notice from such Indemnified Party, the Indemnitors shall defend them or either of them in any such action or proceeding as provided below.

Any Indemnified Party, after receipt of notice of the existence of a Claim in respect of which indemnity hereunder may be sought or of the commencement of any action against an Indemnified Party in respect of which indemnity hereunder may be sought, shall notify the Indemnitors in writing of the existence of such Claim or commencement of such action. The Indemnitors shall undertake promptly to defend, at their sole cost and expense, any and all Claims against an Indemnified Party in connection with any of the matters indemnified against in this Section. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought under this Agreement, the Indemnitors, upon receipt by either of written notice from the Indemnified Party, shall assume the investigation and defense of the Claims, including the employment of counsel selected by the Indemnitors, subject to the approval of the Indemnified Party in such party’s sole discretion. The Indemnitors shall pay all expenses related to the action or proceeding, with full power to litigate, compromise or settle the same, provided that the Issuer and the Trustee, as appropriate, shall have the right to review and approve or disapprove any such compromise or settlement. If (i) an Indemnified Party determines that a potential conflict of interest exists or may arise as a result of any of the Indemnitors assuming the investigation and defense of any claims, (ii) an Indemnified Party shall have been advised by counsel that there may be legal defenses available to it which are different from or additional to those available to the Indemnitors, or that a conflict exists that could affect the zealous defense of such Claims by the Indemnitors, (iii) the Indemnitors shall not have assigned the defense of such action and employed counsel therefor satisfactory to the Indemnified Party within a reasonable time after notice of commencement of such action, such Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense of the action or proceeding, and the Indemnitors shall pay the fees and expenses of such separate counsel.

(b) Notwithstanding the fact that it is the intention of the parties hereto that the Issuer shall not incur any pecuniary liability by reason of the terms of this Agreement or the Bond Loan Notes or the undertakings required of the Issuer hereunder, by reason of the issuance of the Bonds, the execution of the Indenture or the performance of any act requested of the Issuer by the Borrower, including all claims arising in connection with the violation of any statutes or regulation pertaining to the foregoing; nevertheless, if the Issuer should incur any such pecuniary liability, then in such event the Indemnitors shall indemnify and hold the Issuer harmless against all such claims (but excluding such Claims arising from the willful misconduct of the Issuer) whatsoever, by or on behalf of any Person, firm or corporation or other legal entity arising out of the same or lack of any offering statement in connection with the sale, resale or remarketing of the Bonds and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the Issuer, the Borrower shall defend the Issuer in any such action or proceeding.

(c) Failure of an Indemnified Party to provide notification to the Indemnitors required under this Section shall not operate as a waiver of the Indemnitors’ indemnification obligations in this Section.

(d) The obligations of the Indemnitors under this Section are joint and several, and are in addition to and shall not be limited by the provisions of Section 5.11 hereof and shall survive the termination of this Agreement.

Section 5.36. Restriction on Transfer.

(a) In the event the Borrower intends to sell, lease (except to the tenants who will occupy units in the Project), sublease or otherwise materially encumber the whole of or any part of the Project or sell, assign or otherwise, except as otherwise provided herein, transfer any interest in the Borrower except as otherwise provided in Section 6.01(e) hereof (a “transfer”), it shall (i) apply to the Issuer for consent to transfer, provided that consent of the Issuer shall not be unreasonably withheld, conditioned or delayed with respect to any transfer which is subject to the approval of the Issuer pursuant to this Section 6.01 and (ii) comply with the provisions of the Regulatory Agreement restricting any such transfer.

(b) In addition, in connection with a proposed transfer, the Borrower and any transferee shall comply with all applicable provisions of the laws and regulations of the State in effect at that time regarding notice to tenants, and tenants’ rights generally, including, specifically, the right of first refusal, or any successor legislation thereto. The transferee shall expressly assume the Borrower’s duties and obligations under this Agreement and any other Documents to which the Borrower is a party in writing simultaneously with any approved transfer as set forth in this Section 5.36. The Borrower shall make available to the Trustee and the Issuer copies of any documents reflecting an amendment to partnership interests in the Borrower or other organizational documents relating to the sale or other transfer of assets of the Borrower.

(c) Except as otherwise provided for herein, the Borrower will not, directly or indirectly, by operation of law or otherwise, sell, assign, grant a deed of trust, pledge, hypothecate, transfer or otherwise dispose of the Project or any interest in the Project, and will not encumber, alienate, hypothecate, grant a security interest in or grant any other ownership or control interest whatsoever in the Project, in the leases or in the rents, issues and profits therefrom.

(d) Except as otherwise provided for herein, no interest in the Borrower and no ownership interest in the General Partner may be sold, conveyed, transferred, assigned, pledged or otherwise transferred, in whole or in part, directly or indirectly, by operation of law or otherwise.

(e) Notwithstanding anything to the contrary contained in the subsections above or otherwise in the Borrower Documents, each of the following transactions are hereby deemed to be expressly permitted hereunder and shall not require any further consent of the Issuer:

(i) Issuance of partnership interests in the Borrower equal to 99.99% of the profits, losses, credits, distributions and other interests in the Borrower to the Investor Limited Partner;

(ii) The transfer by the Investor Limited Partner of all or any portion of its partnership interest in the Borrower to (A) any other entity which is an affiliate of the Investor Limited Partner or its members, or (B) any other entity which is controlled by, or under common control with, the Investor Limited Partner’s parent or controlling company;

(iii) The pledge and encumbrance of the partnership interests in the Borrower of the Investor Limited Partner to or for the benefit of any financial institution which

enables the Investor Limited Partner to make its capital contributions to Borrower and any subsequent realization by any such lender upon the interests of the Investor Limited Partner in the Borrower;

(iv) The removal of the General Partner by an affiliate of the Investor Limited Partner pursuant to the terms of the Partnership Agreement of the Borrower and the replacement of the General Partner with the Investor Limited Partner or an affiliate of the Investor Limited Partner;

(v) The transfer of interests in the General Partner;

(vi) The pledge and encumbrance of the partnership interest of the General Partner or in the Borrower in accordance with the terms of the Limited Partnership Agreement and the Regulatory Agreement; and

(vii) The indirect transfer by the Investor Limited Partner or an affiliate of the Investor Limited Partner of all or any portion of its partnership interest in the Borrower.

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

(g) The Borrower will not convert the ownership of the Project into condominium or cooperative housing corporation form of ownership other than a limited equity cooperative that is a qualified cooperative housing corporation as defined in Section 143(k)(9) of the Code.

(h) 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, or assignment for the benefit of creditors or similar proceedings.

(i) The Borrower will not enter into any arrangement, directly or indirectly, whereby the Borrower shall sell or transfer any property owned by it in order then or thereafter to lease such property or lease other property that the Borrower intends to use for substantially the same purpose as the property being sold or transferred without the prior written consent of the Issuer in its sole and absolute discretion.

(j) 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.

(k) [Reserved].

(l) This Agreement may not be sold, transferred or otherwise disposed of by the Borrower without the prior written consent of the Issuer (which consent shall be within the reasonable discretion of the Issuer), subject to each of the following conditions:

(i) No such assignment will relieve the Borrower from primary liability for any of its obligations hereunder (unless the Issuer agrees in writing to release the Borrower) and in the event of any such assignment, the Borrower will continue to remain primarily liable for payment of its obligations hereunder and for performance and observance of the other covenants and agreements on its part herein provided.

(ii) No such assignment will, in the opinion of Bond Counsel (all such expenses related to such opinion shall be paid by the Borrower), adversely affect the excludability of interest on the Bonds from gross income for purposes of federal income taxation.

(iii) The assignee will assume in writing the obligations of the Borrower hereunder and under the Regulatory Agreement to the extent of the interest assigned in a form acceptable to the Issuer (the "Assumption Agreement").

(iv) Prior to any such assignment, the Borrower will furnish, or cause to be furnished, to the Issuer and the Trustee an executed original of the Assumption Agreement.

Section 5.37. Issuer to Grant Security Interest to Trustee. The parties hereto agree that pursuant to the Indenture, the Issuer shall assign to the Trustee, in order to secure payment of the Bonds, all of the Issuer's right, title and interest in and to this Agreement, the Series J Bond Loan Note and the Series K Bond Loan Note, except for Reserved Rights.

Section 5.38. Establishment of Completion Date.

(a) The Borrower Representative shall evidence completion of the Project and the actual date of completion to the Issuer and the Trustee by an executed Completion Certificate. The Completion Certificate shall be executed by the Borrower Representative and shall state to the best information and belief of the Borrower, after due inquiry, that, except for amounts retained (subject to the provisions of this Section 5.38) by the Trustee at the Issuer's or the Borrower's direction for any costs not then due and payable or costs due and payable, the payment of which is being diligently contested in good faith, rehabilitation of the Project has been substantially completed in material compliance with all applicable laws, regulations and agreements, and all costs of labor, services, materials and supplies used in the Project have been paid or provisions have been made for their payment, all equipment necessary for the operation of the Project has been purchased, installed and paid for, is suitable and sufficient for its intended purposes, and is fully operable, all costs and expenses incurred in connection with the Project have been paid except for amounts not yet due and payable or being diligently contested in good faith by the Borrower, and the Project is suitable and sufficient for its intended purposes. Notwithstanding the foregoing, the Completion Certificate shall further state that it is given without prejudice to any rights of the Borrower against third parties which exist at the date of the Completion Certificate or which may subsequently come into being. The Completion Certificate shall be furnished by the Borrower to the Issuer and the Trustee promptly following the completion of the Project.

(b) If at least ninety-five percent (95%) of the proceeds of the Bonds have not been used to pay Project Costs (as certified in writing by the Borrower to the Issuer and the Trustee), any amount (exclusive of amounts retained by the Trustee in the Project Fund for payment of Project Costs not then due and payable) remaining in the Project Fund shall be transferred by the Trustee into the Bond Fund and used by the Trustee (i) to pay the principal of and interest on the Bonds or (ii) for any other purpose, provided that, with regard to any other purpose, the Trustee is furnished with an opinion of Bond Counsel to the effect that such use is lawful under the Act and will not cause interest on the Bonds to be included in gross income for federal income tax purposes. Until used for one or more of the foregoing purposes, such segregated amount may be invested as permitted by the Indenture provided that prior to any such investment the Trustee is provided with an opinion of Bond Counsel to the effect that such investment will not cause interest on the Bonds to be included in gross income for federal income tax purposes.

Section 5.39. Borrower Required to Pay in Event Project Fund Insufficient. In the event the moneys in the Bond Proceeds Fund are not sufficient to pay the Project Costs in full, the Borrower agrees to complete the Project and to pay that portion of the Project Costs in excess of the moneys available therefore in the Bond Proceeds Fund. The Issuer does not make any warranty, either express or implied, that the moneys deposited into the Bond Proceeds Fund and available for payment of the Project Costs will be sufficient to pay all of the Project Costs. The Borrower agrees that if after exhaustion of the moneys in the Bond Proceeds Fund, the Borrower should pay any portion of the Project Costs pursuant to the provisions of this Section, the Borrower shall not be entitled to any reimbursement therefor from the Issuer, the Trustee or the Holders of any of the Bonds, nor shall the Borrower be entitled to any diminution of the amounts payable under this Agreement.

Section 5.40. Special Arbitrage Certifications. The Borrower and the Issuer covenant (i) not to take any action or fail to take any action which would cause the interest on any of the Bonds to be or become includable in the gross income of the Holders for federal income tax purposes and (ii) not to cause or direct any moneys on deposit in any fund or account to be used in a manner that would cause the Bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code. The Borrower certifies and covenants to and for the benefit of the Issuer and the Holders of the Bonds that so long as there are any Bonds Outstanding, moneys on deposit in any fund or account in connection with the Bonds, whether such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner that will cause the Bonds to be classified as “arbitrage bonds” within the meaning of Section 148 of the Code.

Section 5.41. Compliance with Anti-Terrorism Regulations.

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

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

(c) If Borrower becomes aware or receives any notice that any of the related Persons are named on any of the OFAC Lists (such occurrence, an “OFAC Violation”), Borrower will immediately (i) give notice to the Issuer and the Trustee of such OFAC Violation, and (ii) comply with all laws applicable to such OFAC Violation (regardless of whether the party included on any of the OFAC Lists is located within the jurisdiction of the United States of America), including, without limitation, the Anti-Terrorism Regulations, and Borrower hereby authorizes and consents

to Issuer's and Trustee's taking any and all steps Issuer and Trustee deem necessary, in the sole discretion of each of Issuer and Trustee, to comply with all laws applicable to any such OFAC Violation, including, without limitation, the requirements of the Anti-Terrorism Regulations (including the "freezing" and/or "blocking" of assets).

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

ARTICLE VI

PERMANENT LOAN DOCUMENTS

Section 6.01. Assurances. The Borrower, the Issuer and the Trustee mutually agree that no party hereto shall enter into any contract or agreement, perform any act, or request any other party hereto to enter into any contracts or agreements or perform any acts, which shall adversely affect the Permanent Loan Documents.

Section 6.02. Financial Obligations Personal to the Borrower. The Issuer acknowledges that the Project shall be encumbered by the Permanent Loan Documents. Notwithstanding any provisions of this Financing Agreement or the Regulatory Agreement to the contrary, all obligations of the Borrower under this Financing Agreement and the Regulatory Agreement for the payment of money and all claims for damages against the Borrower occasioned by breach or alleged breach by the Borrower of its obligations under the Regulatory Agreement or this Financing Agreement, including indemnification obligations, shall not be payable from the Trust Estate and shall not be secured by or in any manner constitute a lien on the Project, and no Person shall have the right to enforce such obligations other than directly against the Borrower. No subsequent owner of the Project shall be liable or obligated for the breach or default of any obligation of any prior owner under the Regulatory Agreement or this Financing Agreement, including but not limited to any payment or indemnification obligation. Such obligations are personal to the Person who was the owner at the time the default or breach was alleged to have occurred and such Person shall remain liable for any and all damages occasioned thereby even after such Person ceases to be the owner.

ARTICLE VII

TRUSTEE'S INTEREST IN AGREEMENT

Section 7.01. Issuer Assignment of Financing Agreement and Bond Loan Notes. It is understood and agreed that all the Issuer's rights under this Financing Agreement and the Bond Loan Notes (except its rights to receive notices, certificates, reports and other information hereunder, its rights to fees, and its rights to enforce the Regulatory Agreement and the Tax Certificate, all of which rights are held concurrently with the Trustee, and its rights to indemnification and payment of its costs and expenses as provided herein, together with its other Reserved Rights) are assigned by the Indenture to the Trustee; *provided*, that when all of the Bonds have been paid or deemed paid pursuant to the Indenture, the Trustee shall have no further right or duty to enforce the terms of the Regulatory Agreement. The Borrower hereby consents to such assignment.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.01. Events of Default. Each of the following shall constitute an event of default under this Financing Agreement, and the term "**Event of Default**" shall mean, whenever used in this Financing Agreement, any one or more of the following events:

(a) Failure by the Borrower to pay any amounts due under this Financing Agreement at the times and in the amounts required hereby; or

(b) Failure by the Borrower to observe or perform any covenants, agreements or obligations in this Financing Agreement on its part to be observed or performed (other than as provided in clause (a) above) for a period of thirty (30) days after receipt of written notice specifying such failure and requesting that it be remedied, given to the Borrower by any party to this Financing Agreement; *provided, however*, that if said failure shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if the failure is correctable without material adverse effect on the Bonds and if corrective action is instituted by the Borrower within such period and diligently pursued until the failure is corrected, and *provided, further* that any such failure shall have been cured within ninety (90) days of receipt of notice of such failure; or

(c) Breach of any of the covenants, agreements or obligations of the Borrower under or the occurrence of a default which is continuing under the Regulatory Agreement, including any exhibits to any of the foregoing; or

(d) The occurrence of an Event of Default caused by the Borrower under and as defined in the Indenture or under any of the other Financing Documents.

Nothing contained in this Section 8.01 is intended to amend or modify any of the provisions of the Permanent Loan Documents or to bind the Borrower, the Lender or Fannie Mae to any notice and cure periods other than as expressly set forth in the Permanent Loan Documents.

Section 8.02. Remedies Upon an Event of Default.

(a) Subject to Section 8.02(d), whenever any Event of Default shall have occurred and be continuing, the Issuer or the Trustee may take any one or more of the following remedial steps:

(i) By any suit, action or proceeding, pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under this Financing Agreement and the Bond Loan Notes, to enforce the performance of any covenant, obligation or agreement of the Borrower under this Financing Agreement and the Bond Loan Notes (subject to the nonrecourse provisions of this Financing Agreement and the Regulatory Agreement) or to enjoin acts or things which may be unlawful or in violation of the rights of the Issuer or the Trustee.

(ii) Take whatever other action at law or in equity may appear necessary or desirable to enforce any monetary obligation of the Borrower under this Financing Agreement and the Bond Loan Notes or to enforce any other covenant, obligation or agreement of the Borrower under (1) this Financing Agreement, (2) the Regulatory Agreement or (3) the Bond Loan Notes.

(iii) Have access to and inspect, examine, audit and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Borrower.

(b) The provisions of subsection (a) hereof are subject to the condition that if, after any Event of Default, except a default under the Regulatory Agreement, (i) all amounts which would then be payable hereunder by the Borrower if such Event of Default had not occurred and was not continuing shall have been paid by or on behalf of the Borrower, and (ii) the Borrower shall have also performed all other obligations in respect of which it is then in default hereunder and shall have paid the reasonable charges and expenses of the Issuer and the Trustee, including reasonable attorney fees and expenses paid or incurred in connection with such default, then and in every such case, such Event of Default may be waived and annulled by the Trustee, but no such waiver or annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) Subject to the limitations of the Regulatory Agreement and this Financing Agreement, the Issuer, without the consent of the Trustee, but only after written notice to the Trustee, the Borrower, the Investor Limited Partner, the Lender and Fannie Mae, may take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any Reserved Right of the Issuer; *provided* that, the Issuer may not (i) terminate this Financing Agreement or cause the Permanent Loan to become due and payable, (ii) cause the Trustee to declare the principal of all Bonds then Outstanding and the interest accrued thereon to be immediately due and payable, or cause the Trustee to accelerate, foreclose or take any other action or seek other remedies under the Financing Documents, the Permanent Loan Documents or any other documents contemplated hereby or thereby to obtain such performance or observance, (iii) cause the acceleration, foreclosure or taking of any other action or the seeking of any remedies under the Permanent Loan Documents, (iv) initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal, interest and other amounts due under the Permanent Loan, or (v) interfere with or attempt to influence the exercise by Fannie Mae of any of its rights under the Financing Documents or the Permanent Loan Documents.

(d) Except as required to be deposited in the Rebate Fund pursuant to the Financing Documents, any amounts collected pursuant to action taken under this Section 8.02 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 Trustee, the Issuer, the Lender or Fannie Mae and their respective counsel, be applied in accordance with the provisions of the Indenture. No action taken pursuant to this Section shall relieve the Borrower from the Borrower's obligations pursuant to Section 5.09 hereof.

(e) No remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy now or hereafter existing pursuant to any other agreement at law or in equity or by statute.

(f) Notwithstanding any other provision of this Financing Agreement to the contrary, after the MBS Delivery Date, so long as Fannie Mae is not in default under the MBS, none of the Issuer, the Trustee or any Person under their control shall exercise any remedies or direct any proceedings under this Financing Agreement or the Permanent Loan Documents, other than to (i) enforce rights under the MBS, (ii) enforce the tax covenants in the Indenture and this Financing Agreement, or (iii) enforce rights of specific performance under the Regulatory Agreement; *provided, however*, that any enforcement under (ii) or (iii) above shall not include seeking monetary damages.

Section 8.03. Default Under Regulatory Agreement.

(a) If the Borrower fails, at any time for any reason, to comply with the requirements of the Regulatory Agreement, then within thirty (30) days after the earlier of the date the violation is discovered by the Issuer or the Trustee or the date the Issuer or the Trustee received notice thereof, the Issuer (if necessary to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes) or the Trustee, on behalf and at the request of the Issuer, shall institute an action for specific performance to correct the violation. The Borrower hereby acknowledges and agrees that were money damages a remedy under the Regulatory Agreement, money damages alone would not be an adequate remedy at law for a default by the Borrower arising from a failure to comply with the Regulatory Agreement, and therefore the Borrower agrees that the remedy of specific performance (subject to the provisions of Section 8.02(c) hereof) shall be available to the Issuer and/or the Trustee in any such case.

(b) Notwithstanding the availability of the remedy of specific performance provided for in subsection (a) of this Section, promptly upon determining that a violation of the Regulatory Agreement has occurred, the Issuer shall, by notice in writing to the Lender, inform the Lender that a violation of the Regulatory Agreement has occurred; notwithstanding the occurrence of such violation, neither the Issuer nor the Trustee shall have, and each of them acknowledges that they shall not have, any right to cause or direct acceleration of the Permanent Loan, to enforce the Mortgage Note or to foreclose on the Mortgage.

Section 8.04. Limitation on Waivers.

(a) No delay or omission to exercise any right or power occurring upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed appropriate. The Issuer and the Trustee agree to give only such notices as may be herein expressly required.

(b) In the event any covenant, agreement or condition contained in this Financing Agreement shall be breached by a party and thereafter waived by another party, such waiver shall not bind any party which has not waived the breach and shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder nor be a waiver of the same breach on a future occasion. By reason of the assignment and pledge of certain of the Issuer's rights and interests in this Financing Agreement to the Trustee, the Issuer shall have no power to waive or release the Borrower from any Event of Default or the performance or observance of any obligation or condition of the Borrower under this Financing Agreement without first requesting and receiving the prior written consent of the Trustee, but shall do so if, requested by the Trustee; *provided* that the Issuer shall not be required to grant such waiver or release unless it shall have been provided with (i) if deemed necessary, in the sole discretion of the Issuer, an Opinion of Counsel that such action will not result in any pecuniary liability to it and an Opinion of Bond Counsel that such waiver shall not cause interest on the Bonds to be included in the gross income of the Bondholders thereof for federal income tax purposes, (ii) such indemnification as the Issuer shall deem reasonably necessary, and (iii) written notice from the Trustee of the request for such waiver or release.

Section 8.05. Notice of Default; Rights To Cure. The Issuer and the Trustee shall each give notice to the other and to the Investor Limited Partner and the Lender of the occurrence of any Event of Default by the Borrower hereunder of which it has actual knowledge. The Lender and the Investor Limited Partner shall each have the right, but not the obligation, to cure any such default by the Borrower, and upon performance by the Lender or the Investor Limited Partner to the satisfaction of the Issuer and the Trustee of the covenant, agreement or obligation of the Borrower with respect to which an Event of Default has occurred, the parties hereto shall be restored to their former respective positions, it being agreed that the Lender and the Investor Limited Partner shall each have the right to repayment from the Borrower of moneys it has expended and any other appropriate redress for actions it has taken to cure any default by the Borrower; *provided* that the Borrower's reimbursement obligation shall be non-recourse to the same extent as the underlying obligation is non-recourse to the Borrower.

Section 8.06. Rights Cumulative. All rights and remedies herein given or granted to the Issuer and the Trustee are cumulative, nonexclusive and in addition to any and all rights and remedies that the Issuer and the Trustee may have or may be given by reason of any law, statute, ordinance or otherwise. Notwithstanding anything to the contrary contained in this Financing Agreement, neither the Trustee nor the Issuer may commence any action against the Borrower for specific performance or any other remedy at law or in equity, other than to enforce performance and observance of any Reserved Right of the Issuer and its rights under Section 8.03, without first obtaining the prior written consent of Fannie Mae.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Notices. All notices, certificates or other communications herein provided shall be given in writing to the Issuer, the Borrower, the Trustee, Fannie Mae, the Lender and, for notices under Section 8.05 only, the Investor Limited Partner, and shall be sufficiently given and shall be deemed given if given in the manner provided in the Indenture. Except as otherwise provided in the preceding sentence, copies of each notice, certificate or other communication given hereunder by any party hereto shall be given to all parties hereto. By notice given hereunder, any party may designate further or different addresses to which subsequent notices, certificates or other communications are to be sent. A duplicate copy of each notice, certificate, request or other communication given hereunder to the Issuer, the Borrower, the Lender or the Trustee shall also be given to Fannie Mae.

Section 9.02. Amendment. This Financing Agreement and all other documents contemplated hereby to which the Issuer is a party may be amended or terminated only if permitted by the Indenture, and no amendment to this Financing Agreement shall be binding upon, any party hereto until such amendment is reduced to writing and executed by the parties hereto; *provided* that no amendment, supplement or other modification to this Financing Agreement or any other Financing Document shall be effective without the prior written consent of the Permanent Lender and Fannie Mae.

Section 9.03. Entire Agreement. Except as provided in the other Financing Documents and the Permanent Loan Documents, this Financing Agreement contains all agreements among the parties hereto, and there are no other representations, warranties, promises, agreements or understandings, oral, written or implied, among the parties hereto, unless reference is made thereto in this Financing Agreement or the Indenture.

Section 9.04. Binding Effect. This Financing Agreement shall be binding upon the Issuer, the Borrower and the Trustee and their respective successors and assigns. Notwithstanding anything herein to the contrary, to the extent Fannie Mae or its designee shall become the owner of the Project as a result of a foreclosure or a deed in lieu of foreclosure or similar conveyance, Fannie Mae, and its designee, if applicable, shall not be liable for any breach or default or any of the obligations of any prior owner of the Project under this Financing Agreement, and shall only be responsible for defaults and obligations incurred during the period Fannie Mae or its designee, if applicable, is the owner of the Project.

Section 9.05. Severability. If any clause, provision or section of this Financing Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections.

Section 9.06. Applicable Law; Venue. This Financing Agreement shall be governed exclusively by and construed in accordance with the laws of the State and any action arising out of this Financing 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 9.07. 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 Financing Agreement and by all of the other Construction Loan Documents and Permanent 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 Construction Loan Documents and Permanent Loan Documents shall be exclusively on account of the said debtor/creditor relationship.

Section 9.08. Usury; Total Interest. This Financing 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 Construction Loan Documents and Permanent Loan Documents that are or are construed to be payments of interest on the unpaid principal amount of the Bond Loans 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 Financing Agreement or the other Construction Loan Documents and Permanent Loan Documents, the Borrower is required to make to 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 Bond Loans which is to

pay interest on the Bonds, cumulative from the date of the Note, shall not exceed the sum of 5% per month, simple and non-compounded for each month from such date to the date of calculation (calculated on the basis of a 360-day year of twelve thirty-day months).] Any such excess payment previously made in either case shall be immediately and automatically applied to the unpaid balance of the principal sum of the applicable Bond Loan and not to the payment of interest thereon. This Financing 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 9.09. Limited Liability of the Issuer.

(a) ***Reliance by Issuer on Facts or Certificates.*** Anything in this Financing Agreement to the contrary notwithstanding, it is expressly understood and agreed by the parties hereto that the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice, or other instrument furnished to the Issuer by the Lender, the Trustee or the Borrower as to the existence of any fact or state of affairs required hereunder to be noticed by the Issuer.

(b) ***Waiver of Personal Liability.*** No member, officer, agent or employee of the Issuer or any of its members or any director, officer, agent or employee of the Borrower shall be individually or personally liable for the payment of any principal of (or Redemption Price), premium, if any, 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 Financing 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 Financing Agreement.

(c) ***Non-Liability of Issuer.*** The Issuer shall not be obligated to pay the principal (or Redemption Price) of or interest on the Bonds, except from the Trust Estate. 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 or any member is pledged to the payment of the principal (or Redemption Price) of, premium, if any, 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 Financing Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under this Financing Agreement or from the MBS.

The Borrower hereby acknowledges that the Issuer's sole source of moneys to repay the Bonds will be provided by the Trust Estate, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or Redemption Price) of, premium, if any, 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, premium, if any, or interest, 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.

(d) ***Expenses.*** The Borrower shall pay and indemnify the Issuer and the Trustee against all reasonable fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith (and with respect to the Trustee, without negligence) and arising out of or in connection with the Financing Documents and the Permanent Loan Documents. These obligations and those in Section 5.09 hereof shall remain valid and in effect notwithstanding repayment of the Permanent Loan hereunder or termination of the Financing Agreement or the Indenture.

(e) **No Warranty by Issuer.** The Borrower recognizes that, because the components of the Project have been and are to be designated and selected by it, THE ISSUER HAS NOT MADE AN INSPECTION OF THE PROJECT OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE ISSUER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY THE OWNER. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER PATENT OR LATENT, THE ISSUER SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE ISSUER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OF THE STATE OF CALIFORNIA OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT OR OTHERWISE.

Section 9.10. Term of Financing Agreement. This Financing Agreement shall be in full force and effect from its date to and including such date as all of the Bonds shall have been fully paid or retired (or provision for such payment shall have been made as provided in the Indenture); provided, however, that the provisions of Sections 2.01, 5.05 and 5.09 of this Financing Agreement shall survive the termination hereof.

Section 9.11. Execution in Counterparts. This Financing 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.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Financing Agreement to be executed by their duly authorized representatives as of the date of execution set forth below.

CITY AND COUNTY OF SAN FRANCISCO

By: _____

Director, Mayor's Office of Housing
and Community Development

Approved as to form:
DENNIS J. HERRERA
City Attorney

By: _____

Kenneth D. Roux,
Deputy City Attorney

[Issuer Signature Page to Financing Agreement]

[TRUSTEE]
as Trustee

By: _____
Authorized Officer

[Trustee Signature Page to Financing Agreement]

EASTERN PARK APARTMENTS, L.P.,
a California limited partnership

By: Sequoia Living EPA LLC,
a California limited liability company,
its general partner

By: Sequoia Living, Inc.,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Name: _____
Title: _____

[Borrower Signature Page to Financing Agreement]

EXHIBIT A
FORM OF REQUISITION

STATEMENT NO. _____ REQUESTING DISBURSEMENT OF FUNDS FROM
BOND PROCEEDS FUND AND THE BORROWER EQUITY FUND PURSUANT
TO SECTION 4.05 OF THE FINANCING AGREEMENT

Pursuant to Section 4.08 of the Financing Agreement dated as of December 1, 2019 (the “Financing Agreement”) between the City and County of San Francisco, California (the “Issuer”), Eastern Park Apartments, LP (the “Borrower”), and [Trustee] (the “Trustee”), the undersigned Authorized Borrower Representative hereby requests and authorizes the Trustee, as depository of the Bond Proceeds Fund created by the Indenture of Trust, dated as of December 1, 2019 (the “Indenture”), between the Issuer and the Trustee, to pay [to the Borrower] [to JPMorgan Chase Bank N.A., as Construction Lender] [or to the person(s) listed on the Disbursement Schedule hereto as Schedule I] out of the money deposited in the [Series J Bond Proceeds Account of the Bond Proceeds Fund][Series K Bond Proceeds Account of the Bond Proceeds Fund][THE Borrower Equity Fund] the aggregate sum of \$_____ to pay the costs of the items listed in the Disbursement Schedule attached hereto as Schedule I.

In connection with the foregoing request and authorization, the undersigned hereby certifies that:

(a) All conditions precedent to the requested disbursement as provided for in the Indenture and Financing Agreement (including, without limitation, the deposit of sufficient Eligible Funds into the respective account of the Collateral Fund as provided in the Indenture), have occurred.

(b) Each item for which disbursement is requested hereunder is an item described in Section 4.05 of the Financing Agreement, is properly payable out of the Bond Proceeds Fund in accordance with the terms and conditions of the Financing Agreement and none of those items has formed the basis for any disbursement heretofore made from said Bond Proceeds Fund.

(c) Each such item is or was necessary in connection with the acquisition, construction, rehabilitation, installation, equipment or improvement of the Project, as defined in the Indenture.

(d) The Borrower has received, or will concurrently with payment receive and deliver to the Trustee, appropriate waivers of any mechanics’ or other liens with respect to each item for which disbursement is requested hereunder.

(e) Each item for which disbursement is requested hereunder, and the cost for each such item, is as described in the information statement filed by the Issuer in connection with the issuance of the Bonds (as defined in the Indenture), as required by Section 149(e) of the Code; provided that if any such item is not as described in that information statement, attached hereto is an Opinion of Bond Counsel to the effect that such disbursement will not adversely affect the status of the interest on the Bonds as excludible from gross income for federal income tax purposes of the Bondholders (except on Bonds while held by a substantial user or related person, each as defined in the Code).

(f) There is no current or existing event of default pursuant to the terms of the Financing Agreement or the Regulatory Agreement and no event exists which by notice or passage of time or both would constitute an event of default under any of the foregoing documents.

(g) No amount for which disbursement is sought formed the basis for any prior disbursement.

(h) Each item for which disbursement is sought was or is necessary in connection with the Project and qualifies for disbursement pursuant to the provisions of the Financing Agreement.

(i) No representation or warranty of the Borrower contained in the Financing Agreement or the Regulatory Agreement is materially incorrect or inaccurate, and there has been no “Event of Default” or default under the terms of any of those documents which has occurred and is continuing after any applicable notice period and no event shall exist which by notice, passage of time or both would constitute an “Event of Default” or default under any of those documents.

(j) There are no liens on the Project except Permitted Liens and those permitted or provided for by the Financing Agreement.

(k) This statement and all exhibits hereto, including the Disbursement Schedule, shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warrant, protection and authority to the Trustee for its actions taken pursuant hereto.

[Remainder of page intentionally left blank]

This statement constitutes the approval of the Borrower of each disbursement hereby requested and authorized.

This ____ day of _____, 20__.

EASTERN PARK APARTMENTS, L.P.,
a California limited partnership

By: Sequoia Living EPA LLC,
a California limited liability company,
its general partner

By: Sequoia Living, Inc.,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Name: _____
Title: _____

APPROVED:

as Lender

By: _____
Title: _____

as the [Issuer Servicer]

By: _____
Name: _____
Title: _____

SCHEDULE I

DISBURSEMENT SCHEDULE

PAYEE	AMOUNT	PURPOSE
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EXHIBIT B-1

FORM OF SERIES J BOND LOAN NOTE

[\$[PAR AMOUNT]]

December __, 2019

FOR VALUE RECEIVED, Eastern Park Apartments, LP, a California limited partnership (the “Borrower”), promises to pay to the City and County of San Francisco, California (the “Issuer”), or its order, the principal sum of _____ (\$[PAR AMOUNT]), with interest payable as set forth below. Capitalized terms used in this promissory note (the “Note”) but not defined shall have the respective meanings set forth in the Indenture of Trust, dated as of December 1, 2019 (the “Indenture”), between the Issuer and [Trustee], as trustee thereunder (the “Trustee”).

Borrower promises to pay to the Issuer the principal sum of this Note, together with interest at the Pass-Through Rate, and all assessments, taxes and premiums as follows:

One business day preceding each Payment Date to and including the business day preceding the Final Payment Date, the Borrower shall pay to the Issuer interest on the outstanding principal balance of this Note.

(a) The entire principal balance of this Note, plus any accrued but unpaid interest to and including the Final Payment Date, shall be due and payable one business day preceding the Final Payment Date.

(b) Payments made by the Trustee to the holders of the Series J Bonds, from funds available under the Indenture, will be credited against the Borrower’s obligation to pay interest and principal under this Note. The Borrower shall be obligated to pay any deficiency between amounts due under this Note and amounts paid to bondholders by the Trustee pursuant to the Indenture.

(c) If any installment of interest, principal, or any other payment due under this Note is not paid within 10 days from the date that the installment or payment is due, the Borrower promises to pay to the Issuer a “late charge” equal to 5% of the aggregate monthly payment required by this Note.

(d) Upon an Event of Default, as defined in the Indenture, the unpaid principal, together with all accrued interest thereon, and all other sums due and payable shall, at the option of the holder of this Note, become immediately due and payable. Failure to exercise this option shall not constitute a waiver of the right to exercise this option in the event of any subsequent default.

(e) As to this Note, the Borrower and all guarantors, if any, severally waive all applicable exemption rights, whether under any state constitution, homestead laws or otherwise, and also severally waive valuation and appraisal, presentment, protest and demand, notice of protest, demand and dishonor and nonpayment of this Note, and expressly agree that the maturity of this Note, or any payment under this Note, may be extended from time to time without in any way affecting the liability of the Borrower and all guarantors.

(f) All payments due under this Note shall be made during regular business hours at the principal corporate trust office of the Trustee or at any other place that the Issuer may designate in writing, and shall be made in coin or currency of the United States of America which at the time of payment is legal tender for the payment of public or private debts.

(g) The Borrower represents and warrants that it is a California limited partnership.

(h) Neither the Borrower nor any partner, officer or director of the Borrower shall have any personal liability for principal or interest payments or any other payments due under this Note.

(i) The Borrower hereby acknowledges that, pursuant to the Indenture, the Issuer is assigning to the Trustee all of the Issuer's right, title, and interest in and to this Note, exclusive of the Reserved Rights of the Issuer. Such assignment is being made as security for the payment of the Series J Bonds of the Issuer. All of the terms, conditions and provisions of the Indenture are, by this reference thereto, incorporated herein as part of this Note.

Notwithstanding any other provision contained in this Note, it is agreed that the execution of this Note shall impose no personal liability on the maker hereof for payment of the indebtedness evidenced hereby and in the event of a default, the holder of this Note will not seek or obtain any deficiency or personal judgment against the maker hereof except such judgment or decree as may be necessary to foreclose and bar its interest in the property.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed and delivered on its behalf on the date first written above.

EASTERN PARK APARTMENTS, L.P.,
a California limited partnership

By: Sequoia Living EPA LLC,
a California limited liability company,
its general partner

By: Sequoia Living, Inc.,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Name: _____
Title: _____

PAY TO THE ORDER OF:

**[TRUSTEE], A NATIONAL BANKING
ASSOCIATION, AS TRUSTEE UNDER THAT
CERTAIN INDENTURE OF TRUST DATED AS
OF DECEMBER 1, 2019**

WITHOUT RECOURSE

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

EXHIBIT B-2
FORM OF SERIES K BOND LOAN NOTE

[\$[PAR AMOUNT]

December __, 2019

Eastern Park Apartments, LP, a California limited partnership (the “Borrower”), for value received, promises to pay in installments to [Trustee], as trustee (the “Trustee”) under the Indenture hereinafter referred to, the principal amount of

_____ DOLLARS \$[PAR AMOUNT])

and to pay interest on the unpaid balance of such principal sum from and after the date hereof at the rate of ___% per annum to but not including _____ (the “Initial Mandatory Tender Date”), and thereafter at the applicable Remarketing Rate (as defined in the Indenture described below), until the payment of such principal sum has been made or provided for. The principal amount stated above shall be paid on or before _____. Interest shall be calculated on the basis of a 360-day year of 12 equal months. Interest on this Note shall be paid in Federal Reserve funds on (a) the 1st day of the month following the month in which the Closing Date occurs and the 1st day of each month thereafter, or the next succeeding Business Day if such 1st day is not a Business Day (ii) each Mandatory Redemption Date described in the Indenture, (iii) each Mandatory Tender Date, (iv) the Bond Maturity Date and (v) the date of acceleration of the Series K Bonds (the “Payment Dates”) until the principal amount is paid or duly provided for.

This Note has been executed and delivered by the Borrower to the Trustee, as assignee of the Issuer, pursuant to a certain Financing Agreement dated as of _____ (the “Financing Agreement”), between the City and County of San Francisco, California (the “Issuer”) and the Borrower. Terms used but not defined herein shall have the meanings ascribed to such terms in the Financing Agreement and the Indenture, as defined below.

Under the Financing Agreement, the Issuer has loaned the Borrower the principal proceeds received from the sale of the Issuer’s \$[PAR AMOUNT] Multifamily Housing Revenue Bonds, 2019 Series K (Eastern Park Apartments) (the “Series K Bonds”) to assist in the financing of the Project, and the Borrower has agreed to repay such loan by making payments at the times and in the amounts set forth in this Note for application to the payment of amounts due on the Series K Bonds as and when due. The Series K Bonds have been issued, concurrently with the execution and delivery of this Note, pursuant to, and are secured by, the Indenture of Trust, dated as of December 1, 2019 (the “Indenture”), between the Issuer and the Trustee.

To provide funds to pay the principal of and interest on the Series K Bonds as and when due as specified herein, the Borrower hereby agrees to and shall make payments in Federal Reserve funds on each Payment Date in an amount equal to the principal and interest due on the Series K Bonds payable on such Payment Date. In addition, to provide funds to pay the principal and interest due on the Series K Bonds as and when due at any other time, the Borrower hereby agrees to and shall make payments in Federal Reserve funds on any other date on which any principal and interest due on the Series K Bonds shall be due and payable, whether at maturity, upon acceleration or otherwise, in an amount equal to such principal and interest due.

If payment or provision for payment in accordance with the Indenture is made in respect of the principal and interest due on the Series K Bonds from money other than as set forth above, this Note shall be deemed paid to the extent such payments or provision for payment of the Series K Bonds has been made. Consistent with the provisions of the immediately preceding sentence, the Borrower shall have credited against its obligation to make payments required herein any amounts transferred from the Series K

Subaccount of the Bond Proceeds Fund or the Series K Subaccount of the Collateral Fund to the Series K Subaccount of the Revenue Fund. Subject to the foregoing, all payments required hereunder shall be in the full amount required hereunder.

All payments required hereunder shall be made to the Trustee at its designated corporate trust office for the account of the Issuer and deposited into the Series K Subaccount of the Revenue Fund created by the Indenture. Except as otherwise provided in the Indenture, such payments shall be used by the Trustee to pay principal and interest due on the Series K Bonds as and when due.

The obligation of the Borrower to make the payments required hereunder shall be absolute and unconditional and the Borrower shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set off, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Trustee or any other person.

This Note is subject to prepayment, in whole or in part, upon the terms and conditions set forth in Article IV of the Financing Agreement. Any prepayment is subject to satisfaction of any applicable notice, deposit or other requirements set forth in the Agreement or the Indenture.

Whenever an Event of Default under Section 8.01 of the Indenture shall have occurred and, as a result thereof, the principal of and any premium on all Series K Bonds then Outstanding, and interest accrued thereon, shall have been declared to be immediately due and payable pursuant to Section 8.02 of the Indenture, the unpaid principal amount of and any premium and accrued interest on this Note shall also be due and payable in Federal Reserve funds on the date on which the principal of and premium and interest on the Bonds shall have been declared due and payable; provided that the annulment of a declaration of acceleration with respect to the Bonds shall also constitute an annulment of any corresponding declaration with respect to this Note.

The payment obligations of this Note are non-recourse to the Borrower to the extent set forth in Section 5.11 of the Financing Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed in its name as of the date first above written.

EASTERN PARK APARTMENTS, L.P.,
a California limited partnership

By: Sequoia Living EPA LLC,
a California limited liability company,
its general partner

By: Sequoia Living, Inc.,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Name: _____
Title: _____

PAY TO THE ORDER OF:

**[TRUSTEE], A NATIONAL BANKING
ASSOCIATION, AS TRUSTEE UNDER THAT
CERTAIN
INDENTURE OF TRUST DATED AS OF
DECEMBER 1, 2019**

WITHOUT RECOURSE

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

EXHIBIT C

[FORM OF LEASE AGREEMENT]

EXHIBIT D

CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS

The following provisions shall apply to this Financing 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 Financing Agreement.

Section 1. Nondiscrimination: Penalties.

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

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

(c) Condition to Contract. As a condition to the Financing 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.

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

Section 3. Tropical Hardwood and Virgin Redwood Ban. Under San Francisco Environment Code Section 804(b), the City urges the Borrower 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 4. Alcohol and Drug-Free Workplace. The City reserves the right to deny access to, or require the Borrower to remove from, City facilities personnel of such Borrower who the City has reasonable grounds to believe has engaged in alcohol abuse or illegal drug activity which in any way impairs the City’s ability to maintain safe work facilities or to protect the health and well-being of City employees and the general public. The City shall have the right of final approval for the entry or re-entry of any such person previously denied access to, or removed from, City facilities. Illegal drug activity means possessing, furnishing, selling, offering, purchasing, using or being under the influence of illegal drugs or other controlled substances for which the individual lacks a valid prescription. Alcohol abuse means possessing, furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol.

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

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

Section 7. Limitations on Contributions. By executing this Financing 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 (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. The prohibition on contributions applies to each prospective party to the contract; each member of the 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 percent in such Borrower; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by such Borrower. The Borrower must inform each such person of the limitation on contributions imposed by Section 1.126 and provide the names of the persons required to be informed to City.

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

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

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

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

In the performance of services provided under the Financing Agreement, the Borrower may have access to the City's proprietary or confidential information, the disclosure of which to third parties may damage the City. If the City discloses proprietary or confidential information to the Borrower, such information must be held by such Borrower in confidence and used only in performing the Financing 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 or confidential information.

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

The requirements of Chapter 12T shall only apply to the Borrower's operations to the extent those operations are in furtherance of the performance of this Financing Agreement, shall apply only to applicants and employees who would be or are performing work in furtherance of this Financing Agreement, and shall apply when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco which excludes City property. Chapter 12T shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

Section 13. Reserved.

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

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

Section 16. Assignment. The services provided under the Financing Agreement to be performed by the Borrower are personal in character and neither this Financing Agreement nor any duties or obligations may be assigned or delegated by the Borrower unless first approved by the City by written

instrument executed and approved in the same manner as this Financing Agreement. Any purported assignment made in violation of this provision shall be null and void.

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

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

Section 19. Laws Incorporated by Reference. The full text of the laws listed in this Appendix, including enforcement and penalty provisions, are incorporated into this Financing Agreement by reference. The full text of the San Francisco Municipal Code provisions incorporated by reference in this Appendix are available at www.sfgov.org under “Open Gov.”

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

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

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