

FUNDING LOAN AGREEMENT

Among

**U.S. BANK NATIONAL ASSOCIATION,
as Funding Lender Representative**

**CITY AND COUNTY OF SAN FRANCISCO,
as Governmental Lender**

and

**[FISCAL AGENT]
as Fiscal Agent**

Dated as of August 1, 2021

**[\$[2021D PAR]
CITY AND COUNTY OF SAN FRANCISCO
MULTIFAMILY HOUSING REVENUE NOTE
(AMBASSADOR RITZ 4%) SERIES 2021D**

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FUNDING LOAN AGREEMENT

This Funding Loan Agreement, dated as of August 1, 2021 (this “Funding Loan Agreement”), is entered into by **U.S. BANK NATIONAL ASSOCIATION**, a national banking association (together with any successor hereunder, the “Funding Lender Representative”), **[FISCAL AGENT]** (together with any successor or assign, the “Fiscal Agent”) and the **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, duly organized and existing under the laws of the State of California (together with its successors and assigns, the “Governmental Lender”).

RECITALS

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

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

WHEREAS, Ambassador Ritz Four Percent, L.P., a California limited partnership (together with its permitted successors and assigns, the “Borrower”), has requested the Governmental Lender to enter into this Funding Loan Agreement under which (i) the Funding Lender Representative will advance funds (the “Funding Loan”) to or for the account of the Governmental Lender, and (ii) the Governmental Lender will apply the proceeds of the Funding Loan to make a loan (the “Borrower Loan”) to the Borrower to finance the acquisition, rehabilitation, construction, development, and equipping of a 187-unit (of which zero are manager’s units) multifamily residential rental housing development located on two sites within the City, known or to be known as [Ambassador Ritz Apartments] (the “Project”);

WHEREAS, simultaneously with the delivery of this Funding Loan Agreement, the Governmental Lender, the Fiscal Agent and the Borrower will enter into a Borrower Loan Agreement of even date herewith (as it may be supplemented or amended, the “Borrower Loan Agreement”), whereby the Borrower agrees to make loan payments to the Governmental Lender in an amount which, when added to other funds available under this Funding Loan Agreement, will be sufficient to enable the Governmental Lender to repay the Funding Loan and to pay all costs and expenses related thereto when due;

WHEREAS, the Funding Lender Representative will advance the initial advance on the Closing Date and will administer the Funding Loan, and, following the Closing Date, it is anticipated that one or more additional funding lenders (each, as more particularly described herein, an “Additional Funding Lender”) may purchase a portion of the Funding Loan pursuant to the terms of this Funding Loan Agreement such that the Funding Lender Representative and such Additional Construction Phase Funding Lender(s) from and after the date of acquisition of such portion of the Funding Loan shall fund the Funding

Loan severally, but not jointly, on a pro rata basis in accordance with their respective Applicable Funding Percentage on a draw-down basis;

WHEREAS, to evidence its payment obligations under the Borrower Loan Agreement, the Borrower will execute and deliver to the Governmental Lender its Promissory Note dated the Closing Date (the “Borrower Note”) and the obligations of the Borrower under the Borrower Note will be secured by a lien on and security interest in the Project pursuant to a [Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing] of even date herewith (as amended, restated and/or supplemented from time to time, the “Security Instrument”), made by the Borrower in favor of the Governmental Lender, and assigned to the Funding Lender Representative, to secure the performance by the Governmental Lender of its obligations under the Funding Loan;

WHEREAS, the Governmental Lender has executed and delivered to the Funding Lender Representative its Multifamily Housing Revenue Note dated as of the Closing Date (the “Governmental Lender Note”) evidencing its obligation to make the payments due to the Funding Lender Representative under the Funding Loan as provided in this Funding Loan Agreement, all things necessary to make this Funding Loan Agreement the valid, binding and legal limited obligation of the Governmental Lender, have been done and performed and the execution and delivery of this Funding Loan Agreement and the execution and delivery of the Governmental Lender Note, subject to the terms hereof, have in all respects been duly authorized;

WHEREAS, the Governmental Lender is entering into this Funding Loan Agreement and the Borrower Loan Agreement solely as a “conduit issuer” and the Funding Loan and the Governmental Lender Note will be limited obligations of the Governmental Lender as described in Section 5.1 hereof; and

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

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and agreements herein contained, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1. Definitions. For all purposes of this Funding Loan Agreement, except as otherwise expressly provided or unless the context otherwise clearly requires:

(a) Unless specifically defined herein, all capitalized terms shall have the meanings ascribed thereto in the Borrower Loan Agreement.

(b) The terms “herein,” “hereof” and “hereunder” and other words of similar import refer to this Funding Loan Agreement as a whole and not to any particular Article, Section or other subdivision. The terms “agree” and “agreements” contained herein are intended to include and mean “covenant” and “covenants.”

(c) All references made (i) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (ii) in the singular or plural number shall be deemed to have been

made, respectively, in the plural or singular number as well. Singular terms shall include the plural as well as the singular, and vice versa.

(d) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with GAAP. All references herein to “GAAP” refer to such principles as they exist at the date of application thereof.

(e) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(f) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(g) References to the Governmental Lender Note as “tax exempt” or to the “tax exempt status” of the Governmental Lender Note are to the exclusion of interest on the Governmental Lender Note (other than any portion of the Governmental Lender Note held by a “substantial user” of the Project or a “related person” within the meaning of Section 147 of the Code) from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

(h) The following terms have the meanings set forth below:

“Act” shall have the meaning assigned to such term in the recitals above.

“Additional Borrower Payments” shall have the meaning given such term in the Borrower Loan Agreement.

“Additional Funding Lender” means a Qualified Institutional Buyer acquiring a portion of the Funding Loan following the Closing Date in accordance with the provisions of Section 2.5 hereof.

“Affiliate” shall mean, as to any Person, any other Person that, directly or indirectly, is in Control of, is Controlled by or is under common Control with such Person.

“Applicable Funding Percentage” shall mean, in respect of any Additional Funding Lender, the applicable ownership percentage of the Funding Loan by Additional Funding Lender.

“Approved Transferee” means (1) a Qualified Institutional Buyer that is a financial institution or commercial bank having capital and surplus of \$5,000,000,000 or more, (2) an affiliate of the Funding Lender Representative, (3) a trust or custodial arrangement established by the Funding Lender Representative or one of its affiliates the beneficial interests in which will be owned only by QIBs, or (4) a nonprofit corporation or nonprofit organization, all of whose shareholders or members are QIBs, and which invests in obligations of the same type as the Governmental Lender Note as a principal aspect of its business.

“Assumption and Release Certificate” means that certain certificate in substantially the form set forth as Exhibit G hereto.

“Authorized Amount” shall mean \$[2021D PAR], the maximum principal amount of the Funding Loan under this Funding Loan Agreement.

“Authorized Representative” shall mean (a) when used with respect to the Governmental Lender, the Mayor, the Director of the Mayor’s Office of Housing and Community Development, the Director of

Housing Development and the Deputy Director of the Mayor’s Office of Housing and Community Development of the Governmental Lender and such additional Person or Persons, if any, duly designated by any of the foregoing in writing to act on behalf of the Governmental Lender, as evidenced by a written certificate furnished to the Funding Lender Representative, the Fiscal Agent and the Borrower containing the specimen signature of such person and signed on behalf of the Governmental Lender, which certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties of such Authorized Representative; (b) when used with respect to the Borrower the “Authorized Borrower Representative” as defined in the Borrower Loan Agreement (c) when used with respect to the Fiscal Agent, any authorized signatory of the Fiscal Agent, or any Person who is authorized in writing to take the action in question on behalf of the Fiscal Agent, (d) when used with respect to the Servicer, any Person or Persons duly designated by the Servicer in writing to act on its behalf, and (e) when used with respect to the Funding Lender Representative, any Person who is authorized in writing to take the action in question on behalf of the Funding Lender Representative.

“Borrower” shall mean shall have the meaning assigned to such term in the recitals above.

“Borrower Controlling Entity” shall mean any general partner or managing general partner of the Borrower.

“Borrower Equity Account” means the Borrower Equity Account of the Project Fund established under Section 7.3 hereof.

“Borrower Loan” shall mean the mortgage loan made by the Governmental Lender to the Borrower pursuant to the Borrower Loan Agreement in the maximum principal amount of the Borrower Loan Amount, as evidenced by the Borrower Note.

“Borrower Loan Agreement” shall mean the Borrower Loan Agreement, of even date herewith, among the Governmental Lender, the Fiscal Agent and the Borrower, as supplemented, amended or replaced from time to time in accordance with its terms.

“Borrower Loan Agreement Default” shall mean any “Event of Default” as set forth in Section 8.1 of the Borrower Loan Agreement. A Borrower Loan Agreement Default shall “exist” if a Borrower Loan Agreement Default shall have occurred and be continuing beyond any applicable cure period.

“Borrower Loan Amount” shall mean the Authorized Amount, the maximum principal amount of the Borrower Loan under the Borrower Loan Agreement.

“Borrower Loan Documents” shall have the meaning given such term in the Borrower Loan Agreement.

“Borrower Loan Payments” shall mean the monthly loan payments payable pursuant to the Borrower Note.

“Borrower Note” shall have the meaning given such term in the Borrower Loan Agreement.

“Borrower Required Equity” shall have the meaning given such term in the Borrower Loan Agreement.

“Business Day” shall mean any day other than (i) a Saturday or a Sunday, or (ii) a day on which federally insured depository institutions in New York, New York or the city where the Fiscal Agent is located are authorized or obligated by law, regulation, governmental decree or executive order to be closed.

“Capitalized Interest Account” means the Capitalized Interest Account of the Project Fund established under Section 7.3 hereof.

“Closing Costs Fund” shall mean the fund of that name established under Section 7.3(d) hereof.

“Closing Date” shall mean [Closing Date], the date that initial Funding Loan proceeds are disbursed hereunder.

“Code” shall mean the Internal Revenue Code of 1986.

“Co-Lender Agreement” means [each] Co-Lender Agreement between the Funding Lender Representative and one or more Additional Funding Lenders.

“Completion Deadline” shall have the meaning given such term in the Construction Funding Agreement.

“Construction Funding Agreement” means that certain Construction Funding Agreement of even date herewith, between the Servicer and the Borrower, pursuant to which the Borrower Loan will be advanced by the Funding Lender Representative (or the Servicer on its behalf), as agent of the Governmental Lender, to the Fiscal Agent for disbursement to the Borrower and setting forth certain provisions relating to disbursement of the Borrower Loan during construction, insurance and other matters, as such agreement may be amended, modified, supplemented and replaced from time to time.

“Control” shall mean, with respect to any Person, either (i) ownership directly or through other entities of more than fifty percent (50%) of all beneficial equity interest in such Person, or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, by contract or otherwise.

“Costs of Funding” shall have the meaning given such term in the Borrower Loan Agreement.

“Costs of Funding Deposit” shall have the meaning given such term in the Borrower Loan Agreement.

“Default” shall mean the occurrence of an event, which, under any Funding Loan Document, would, but for the giving of notice or passage of time, or both, be an “Event of Default” as defined in the applicable Funding Loan Document.

“Draw-Down Notice” shall mean a notice described in Section 2.1 hereof regarding the conversion of the Funding Loan from a draw down loan to a fully funded loan.

“Equity Contributions” shall have the meaning given such term in the Borrower Loan Agreement.

“Event of Default” shall have the meaning ascribed thereto in Section 9.1 hereof.

“Expense Fund” shall mean the fund of that name established under Section 7.3(c) hereof.

“Fiscal Agent” shall mean [Fiscal Agent], as fiscal agent hereunder, and any successor fiscal agent or co-fiscal agent appointed under this Funding Loan Agreement.

“Fiscal Agent Fee” shall mean the annual fee of the Fiscal Agent in the amount of \$[_____] annually, payable in annual installments [in advance/arrears] by the Borrower to the Fiscal Agent commencing on the first anniversary of the Closing Date and then on each [_____] thereafter.

“Fitch” shall mean Fitch, Inc.

“Funding Lender Representative” shall mean (a) initially, U.S. Bank National Association, a national banking association, and (b) any successor under this Funding Loan Agreement and the Borrower Loan Documents.

“Funding Loan Agreement” shall mean this Funding Loan Agreement, of even date herewith, by and among the Funding Lender Representative, the Fiscal Agent and the Governmental Lender, as it may from time to time be supplemented, modified or amended by one or more amendments or other instruments supplemental thereto entered into pursuant to the applicable provisions thereof.

“Funding Loan Documents” shall mean this Funding Loan Agreement, the Borrower Loan Documents, the Regulatory Agreement, the Tax Certificate, all other documents evidencing, securing, governing or otherwise pertaining to the Funding Loan, and all amendments, modifications, renewals and substitutions of any of the foregoing.

“Funding Loan Payment Fund” shall mean the fund of that name established under Section 7.3(a) hereof.

“Government Obligations” shall mean noncallable, nonprepayable (i) direct, general obligations of the United States of America, or (ii) any obligations unconditionally guaranteed as to the full and timely payment of all amounts due thereunder by the full faith and credit of the United States of America (including obligations held in book entry form), but specifically excluding any mutual funds or unit investment trusts invested in such obligations.

“Governmental Lender” shall mean the City and County of San Francisco, a municipal corporation organized and existing under the laws of the State, and its successors and assigns.

“Governmental Lender Note” shall mean the Governmental Lender Note described in the recitals of this Funding Loan Agreement.

“Highest Rating Category” shall mean, with respect to a Permitted Investment, that the Permitted Investment is rated by each Rating Agency in the highest rating category given by that Rating Agency for that general category of security. If at any time the Governmental Lender Note is not rated (and, consequently, there is no Rating Agency), then the term “Highest Rating Category” means, with respect to a Permitted Investment, that the Permitted Investment is rated by S&P or Moody’s in the highest rating given by that rating agency for that general category of security. By way of example, the Highest Rating Category for tax exempt municipal debt established by S&P is “A 1+” for debt with a term of one year or less and “AAA” for a term greater than one year, with corresponding ratings by Moody’s of “MIG 1” (for fixed rate) or “VMIG 1” (for variable rate) for three (3) months or less and “Aaa” for greater than three (3) months. If at any time (i) the Governmental Lender Note is not rated, (ii) both S&P and Moody’s rate a Permitted Investment and (iii) one of those ratings is below the Highest Rating Category, then such Permitted Investment will, nevertheless, be deemed to be rated in the Highest Rating Category if the lower rating is no more than one rating category below the highest rating category of that rating agency. For example, a Permitted Investment rated “AAA” by S&P and “Aa3” by Moody’s is rated in the Highest Rating Category. If, however, the lower rating is more than one full rating category below the Highest Rating Category of that Rating Agency, then the Permitted Investment will be deemed to be rated below the Highest Rating Category. For example, a Permitted Investment rated “AAA” by S&P and “A1” by Moody’s is not rated in the Highest Rating Category.

“Funding Lender Representative” shall mean U.S. Bank National Association, a national banking association.

“Maturity Date” shall mean [FINAL MATURITY].

“Maximum Rate” shall mean the lesser of (i) twelve percent (12%) per annum and (ii) the maximum interest rate that may be paid on the Funding Loan under State law.

“Moody’s” shall mean Moody’s Investors Service, Inc., or its successor.

“Note Proceeds Account” means the Note Proceeds Account of the Project Fund established under Section 7.3 hereof.

“Noteowner” or “owner of the Governmental Lender Note” means the owner, or as applicable, collectively the owners, of the Governmental Lender Note as shown on the registration books maintained by the Fiscal Agent pursuant to Section 2.4(d) hereof.

“Ongoing Governmental Lender Fee” shall mean the annual administrative fee of the Governmental Lender due and payable by the Borrower pursuant to Section 18 of the Regulatory Agreement.

“Opinion of Counsel” shall mean a written opinion from an attorney or firm of attorneys, acceptable to the Funding Lender Representative and the Governmental Lender with experience in the matters to be covered in the opinion; provided that whenever an Opinion of Counsel is required to address the exclusion of interest on the Governmental Lender Note from gross income for purposes of federal income taxation, such opinion shall be provided by Tax Counsel.

“Permitted Investments” shall mean, to the extent authorized by law for investment of any moneys held under this Funding Loan Agreement:

- (1) direct and general obligations of the United States of America fully and unconditionally guaranteed as to the timely payment of principal and interest;
- (2) obligations of any agency or instrumentality of the United States of America the timely payment of the principal of and interest on which are fully unconditionally guaranteed by the full faith and credit of the United States of America;
- (3) senior debt obligations of the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association, each a shareholder owned government sponsored enterprise organized and existing under the laws of the United States of America, and its successors and assigns;
- (4) demand deposits or time deposits with, or certificates of deposit (including those placed by a third party pursuant to a separate agreement between the Borrower and the Fiscal Agent (and approved by the Funding Lender Representative)), bank deposit products, trust funds, trust accounts, interest bearing deposits, interest bearing money market accounts, overnight bank deposits or bankers’ acceptances issued by the Fiscal Agent or its affiliates or any bank organized under the laws of the United States of America or any state or the District of Columbia which has combined capital, surplus and undivided profits of not less than \$50,000,000; provided that the Fiscal Agent or such other institution has been rated at least “VMIG-1” / “A-1+” by Moody’s or S&P which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation or collateralized pursuant to the requirements of the Office of the Comptroller of the Currency;

(5) shares or units in any money market mutual fund rated “Aaa”/”AAA” by Moody’s or S&P (or if a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security) (including mutual funds of the Fiscal Agent or its affiliates or for which the Fiscal Agent or an affiliate thereof serves as investment advisor, custodian, transfer agent or provides other services to such mutual fund and receives and retains a fee for providing such services) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of (A) direct obligations of the government of the United States of America, or (B) tax-exempt obligations;

(6)(i) tax-exempt obligations rated in the highest short-term rating category by Moody’s or S&P, or (ii) shares of a tax-exempt municipal money market mutual fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, having assets of at least \$100,000,000, and having a rating of “Aaa”/”AAA” by Moody’s or S&P (or if a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security), for which at least 95% of the income paid to the holders on interest in such money market fund will be excludable from gross income under Section 103 of the Code, including money market funds for which the Fiscal Agent or its affiliates receive a fee for investment advisory, transfer agency, custodial or other services to the fund;

(7) the Pooled Investment Fund of the City and County of San Francisco; or

(8) any other investments approved in writing by the Funding Lender Representative with the written consent of the Governmental Lender.

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

“Person” shall mean any individual, corporation, limited liability company, partnership, joint venture, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

“Pledged Revenues” shall mean the amounts pledged under this Funding Loan Agreement to the payment of the principal of, Prepayment Premium, if any, and interest on the Funding Loan and the Governmental Lender Note, consisting of the following: (i) all income, revenues, proceeds and other amounts to which the Governmental Lender is entitled (other than amounts received by the Governmental Lender with respect to the Unassigned Rights) derived from or in connection with the Borrower Loan, the Project and the Funding Loan Documents, including all Borrower Loan Payments due under the Borrower Loan Agreement and the Borrower Note, payments with respect to the Borrower Loan Payments and all amounts obtained through the exercise of the remedies provided in the Funding Loan Documents and all receipts credited under the provisions of this Funding Loan Agreement against said amounts payable, and (ii) moneys held in the funds and accounts established under this Funding Loan Agreement, together with investment earnings thereon (except any amounts on deposit in the Expense Fund, the Rebate Fund and Closing Costs Fund).

“Prepayment Premium” shall mean (i) any premium payable by the Borrower pursuant to the Borrower Loan Documents in connection with a prepayment of the Borrower Note (including any Prepayment Premium as set forth in the Borrower Note) and (ii) any premium payable on the Governmental Lender Note pursuant to this Funding Loan Agreement.

“Potential Default” shall mean the occurrence of an event which, under the Borrower Loan Agreement, would, but for the giving of notice of passage of time, be an Event of Default.

“Project” shall have the meaning given such term in the Borrower Loan Agreement.

“Project Fund” shall mean the fund of that name established under Section 7.3(b) hereof.

“Qualified Institutional Buyer” or “QIB” means a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act of 1933, as in effect on the date hereof.

“Qualified Project Costs” shall mean costs paid with respect to the Project that meet each of the following requirements: (i) the costs are properly chargeable to capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general federal income tax principles and in accordance with Section 1.103-8(a)(1) of the Regulations, provided, however, that only such portion of the interest accrued during rehabilitation or construction of the Project (in the case of rehabilitation, with respect to vacated units only) shall be eligible to be a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all costs of the acquisition and construction or rehabilitation of the Project; and provided further that interest accruing after the Completion Date shall not be a Qualified Project Cost; and provided still further that if any portion of the Project is being constructed or rehabilitated by an Affiliate (whether as general contractor or a subcontractor), Qualified Project Costs shall include only (A) the actual out of pocket costs incurred by such affiliate in constructing or rehabilitating the Project (or any portion thereof) and (B) any overhead expenses incurred by such affiliate which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an “affiliated group” (within the meaning of Section 1504 of the Code) participating in the rehabilitation or construction of the Project or payments received by such affiliate due to early completion of the Project (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the earlier of sixty (60) days prior to June 19, 2020, being the date on which the Governmental Lender first declared its “official intent” to reimburse costs paid (in an amount not to exceed \$71,000,000) with respect to the Project (within the meaning of Section 1.150-2 of the Regulations) or the date of execution and delivery of the Funding Loan, and (iv) if the costs of the acquisition and construction or rehabilitation of the Project were previously paid and are to be reimbursed with proceeds of the Funding Loan such costs were (A) “preliminary expenditures” (within the meaning of Section 1.150-2(f)(2) of the Regulations) with respect to the Project (such as architectural, engineering and soil testing services) incurred before commencement of acquisition and construction or rehabilitation of the Project that do not exceed twenty percent (20%) of the issue price of the Funding Loan (as defined in Section 1.148-1 of the Regulations), or (B) were capital expenditures with respect to the Project that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid or the date the Project is placed in service (but no later than three (3) years after the expenditures is paid); provided, however, that (w) Costs of Funding shall not be deemed to be Qualified Project Costs; (x) fees, charges or profits (including, without limitation, any Developer Fee) payable to the Borrower or a “related person” (within the meaning of Section 144(a)(3) of the Code) shall not be deemed to be Qualified Project Costs; (y) letter of credit fees and municipal bond insurance premiums which represent a transfer of credit risk shall be allocated between Qualified Project Costs and other costs and expenses to be paid from the proceeds of the Funding Loan; and (z) letter of credit fees and municipal bond

insurance premiums which do not represent a transfer of credit risk (including, without limitation, letter of credit fees payable to a “related person” to the Borrower) shall not constitute Qualified Project Costs.

“Rebate Amount” shall mean, for any given period, the amount determined by the Rebate Analyst as required to be rebated or paid as a yield reduction payment to the United States of America with respect to the Funding Loan.

“Rebate Analyst” shall mean a certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code, selected and retained by the Borrower at the expense of the Borrower, with the prior written consent of the Governmental Lender, to make the rebate computations required under this Funding Loan Agreement and the Borrower Loan Agreement.

“Rebate Fund” shall mean the fund of that name established under Section 7.3(e) hereof.

“Regulations” shall mean with respect to the Code, the relevant U.S. Treasury regulations and proposed regulations thereunder or any relevant successor provision to such regulations and proposed regulations.

“Regulatory Agreement” shall mean that certain Regulatory Agreement and Declaration of Restrictive Covenants, dated as of the date hereof, between the Governmental Lender and the Borrower, as hereafter amended or modified.

“Required Transferee Representations Letter” shall mean the representations in substantially the form attached to this Funding Loan Agreement as **Exhibit B-1** and **B-2**.

“Resolution” shall mean the resolution of the Governmental Lender, adopted by the Board of Supervisors of the Governmental Lender on [_____, 2021] and approved by the Mayor on [_____, 2021], authorizing the Funding Loan and the execution and delivery of the Funding Loan Documents to which the Governmental Lender is a party.

“Responsible Officer” shall mean any officer within the corporate services department (or any successor group) of the Fiscal Agent, including any managing director, director, vice president, assistant vice president, assistant secretary, senior associate, associate or any other officer or assistant officer of the Fiscal Agent within the Fiscal Agent’s office described in Section 12.1 hereof or a successor corporate trust office (the “Corporate Trust Office”) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the Corporate Trust Office because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Funding Loan Agreement.

“Second Highest Rating Category” shall mean, with respect to a Permitted Investment, that the Permitted Investment is rated by each Rating Agency in the second highest rating category given by that Rating Agency for that general category of security. If at any time the Governmental Lender Note is not rated (and, consequently, there is no Rating Agency), then the term “Second Highest Rating Category” means, with respect to a Permitted Investment, that the Permitted Investment is rated by S&P or Moody’s in the second highest rating category given by that rating agency for that general category of security. By way of example, the Second Highest Rating Category for tax exempt municipal debt established by S&P is “AA” for a term greater than one (1) year, with corresponding ratings by Moody’s of “Aa.” If at any time (i) the Governmental Lender Note is not rated, (ii) both S&P and Moody’s rate a Permitted Investment and (iii) one of those ratings is below the Second Highest Rating Category, then such Permitted Investment will

not be deemed to be rated in the Second Highest Rating Category. For example, an Investment rated “AA” by S&P and “A” by Moody’s is not rated in the Second Highest Rating Category.

“Securities Act” shall mean the Securities Act of 1933, as amended.

“Security” shall mean the security for the performance by the Governmental Lender of its obligations under the Governmental Lender Note and this Funding Loan Agreement as more fully set forth in Article IV hereof.

“Security Instrument” shall mean shall have the meaning assigned to such term in the recitals above.

“Servicer” shall mean any Servicer appointed by the Funding Lender Representative to perform certain servicing functions with respect to the Funding Loan and on the Borrower Loan pursuant to a separate servicing agreement to be entered into between the Funding Lender Representative and the Servicer. Initially the Servicer shall be the Funding Lender Representative pursuant to this Funding Loan Agreement.

“Servicing Agreement” shall mean any servicing agreement entered into between the Funding Lender Representative and the Servicer with respect to the servicing of the Funding Loan and/or the Borrower Loan.

“Standard & Poor’s” or “S&P” shall mean S&P Global Ratings, a business unit of Standard & Poor’s Rating Services, or its successors.

“State” shall mean the State of California.

“Tax Certificate” shall mean the Tax Certificate and Agreement dated the Closing Date executed by the Governmental Lender and the Borrower.

“Tax Counsel” shall mean (a) on the Closing Date, the law firm or law firms delivering the approving opinion(s) with respect to the Governmental Lender Note, or (b) any other firm of attorneys selected by the Governmental Lender that is experienced in matters relating to the issuance of obligations by states and their political subdivisions that is listed as a municipal bond attorney in The Bond Buyer’s Municipal Marketplace.

“Tax Counsel Approving Opinion” shall mean an opinion of Tax Counsel substantially to the effect that the Governmental Lender Note constitutes a valid and binding special limited obligation of the Governmental Lender and that, under existing laws, regulations, rulings and court decisions, the interest on the Governmental Lender Note is excluded from gross income for federal income tax purposes (subject to customary limitations and exceptions).

“Tax Counsel No Adverse Effect Opinion” shall mean an opinion of Tax Counsel substantially to the effect that the taking of the action specified therein will not, in and of itself, adversely affect any exclusion of interest on the Governmental Lender Note from gross income for purposes of federal income taxation (subject to customary limitations and exceptions).

“UCC” shall mean the Uniform Commercial Code as in effect in the State.

“Unassigned Rights” shall mean all of the rights of the Governmental Lender and its directors, officers, commissioners, elected officials, attorneys, accountants, employees, agents and consultants under the Funding Loan Documents and the Borrower Loan Documents: (a) (i) to be held harmless and

indemnified, (ii) to be paid its fees and expenses and the rebatable arbitrage pursuant to Section 8.7 hereof, (iii) to give or withhold consent to amendments, changes, modifications and alterations, (iv) to have access to the Project and Project records, and (v) to receive notices; (b) the Governmental Lender's rights under the Regulatory Agreement, including but not limited to, rights to indemnification thereunder and reimbursement and payment of its fees, costs and expenses; and (c) the right to enforce all of the foregoing, subject to Section 7.2.10 of the Borrower Loan Agreement.

“Written Certificate,” “Written Certification,” “Written Consent,” “Written Direction,” “Written Notice,” “Written Order,” “Written Registration,” “Written Request,” and “Written Requisition” shall mean a written certificate, direction, notice, order, request or requisition signed by an Authorized Representative and delivered to the Funding Lender Representative, the Servicer, the Fiscal Agent, the Governmental Lender or such other Person as required under the Funding Loan Documents.

Section 1.2. Effect of Headings and Table of Contents. The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.3. Date of Funding Loan Agreement. The date of this Funding Loan Agreement is intended as and for a date for the convenient identification of this Funding Loan Agreement and is not intended to indicate that this Funding Loan Agreement was executed and delivered or effective on said date.

Section 1.4. Designation of Time for Performance. Except as otherwise expressly provided herein, any reference in this Funding Loan Agreement to the time of day shall mean the time of day in the city where the Funding Lender Representative maintains its place of business for the performance of its obligations under this Funding Loan Agreement.

Section 1.5. Interpretation. The parties hereto acknowledge that each of them and their respective counsel have participated in the drafting and revision of this Funding Loan Agreement. Accordingly, the parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Funding Loan Agreement or any amendment or supplement or exhibit hereto.

ARTICLE II

TERMS; GOVERNMENTAL LENDER NOTE

Section 2.1. Terms.

(a) Principal Amount. The total principal amount of the Funding Loan is hereby expressly limited to the Authorized Amount.

(b) Draw-Down Funding. The Funding Loan is originated on a draw-down basis. The proceeds of the Funding Loan shall be advanced by the Funding Lender Representative directly to the Fiscal Agent for the account of the Governmental Lender for disbursement to the Borrower as and when needed to make each advance in accordance with the disbursement provisions of the Borrower Loan Agreement and the Construction Funding Agreement. Upon each advance of principal under the Borrower Loan Agreement and the Construction Funding Agreement, a like amount of the Funding Loan shall be deemed concurrently and simultaneously advanced under this Funding Loan Agreement, including the initial advance of [MINIMUM \$55,000.00]. Subject to the terms and conditions of the Borrower Loan Agreement, the Funding Lender Representative agrees to advance, on behalf of the Governmental Lender, to the Fiscal Agent for disbursement to the Borrower under the Borrower Loan Agreement [MINIMUM \$55,000.00] on the Closing Date, and the Funding Lender Representative agrees to correspondingly and

simultaneously advance for the account of the Governmental Lender under this Funding Loan Agreement an equal amount as an advance on the Funding Loan. Notwithstanding anything in this Funding Loan Agreement to the contrary, no additional amounts of the Funding Loan may be drawn down and funded hereunder after December 31, 2024; provided, however, that upon the delivery of a Tax Counsel No Adverse Effect Opinion to the Governmental Lender and the Funding Lender Representative such date may be changed to a later date as specified in such Tax Counsel No Adverse Effect Opinion.

(c) Early Draw-Down Event. Notwithstanding any provision herein to the contrary, in the event that the Funding Lender Representative or the Borrower (each an “Interested Party”) determines in good faith that legislative, judicial or other developments have occurred or other circumstances have emerged which could result in interest on installments of the Funding Loan which have not been drawn to date (the “Remaining Authorized Amount”), not being tax-exempt, or otherwise determines that it is in its best interest to convert the Funding Loan into a fully funded obligation of the Governmental Lender in order to assure that interest on the Governmental Lender Note will remain tax-exempt, and, in the case of such determination by the Borrower, such action will resolve the uncertainty with respect to the tax-exempt status of the Governmental Lender Note and will not jeopardize receipt of previously committed unfunded debt or Equity Contributions for the Project, then such Interested Party may provide a Written Direction (a “Draw-Down Notice”) to the other Interested Party and the Fiscal Agent as provided herein to cause the Remaining Authorized Amount of the Funding Loan to be funded. The Draw-Down Notice, if given, shall take effect on the fifth (5th) Business Day following the date (or such greater number of Business Days to which the Borrower and the Funding Lender Representative may agree in writing, with Written Notice to the Fiscal Agent) on which either the Borrower or the Funding Lender Representative sends Written Notice to the other Interested Party referencing the Draw-Down Notice and containing substantially the following words: “The [Borrower/Funding Lender Representative] elects to [draw/fund] the Remaining Authorized Amount of the Funding Loan (\$_____) effective _____ (the “Draw-Down Date”).” The Draw-Down Notice will be delivered in the manner provided for notices hereunder and the Borrower Loan Agreement.

Promptly after receipt of a Draw-Down Notice, the Funding Lender Representative shall advance proceeds of the Funding Loan in the Remaining Authorized Amount (the “Remaining Funding Loan Proceeds”) into the Note Proceeds Account of the Project Fund to be held for disbursements to the Borrower pursuant to the Funding Loan Documents. The advance of the Remaining Funding Loan Proceeds shall be treated as an advance of the full remaining principal under this Funding Loan Agreement, and a like amount of the Borrower Loan shall be deemed concurrently and simultaneously advanced under the Borrower Loan Agreement and the Governmental Lender Note shall be deemed to have been executed and delivered in the full Authorized Amount against payment by the Funding Lender Representative (taking into account amounts of the Funding Loan previously funded) of the purchase price equal to the Remaining Authorized Amount.

If not otherwise accounted for in the Funding Loan Documents as confirmed in writing by the Funding Lender Representative, the Borrower agrees to pay to the Fiscal Agent on the Draw-Down Date for deposit into the Capitalized Interest Account of the Project Fund, an amount of funds to be agreed upon by the Funding Lender Representative and the Borrower prior to the Draw-Down Date to cover the expected interest due on the Funding Loan as a result of the Draw-Down Notice for the period between the Draw-Down Date and the date of each expected draw in accordance with the then-approved draw schedule under the Funding Loan Documents (the “Additional Interest Deposit”). The Borrower agrees to pay to the Fiscal Agent to be held hereunder, any amounts necessary to enable the Governmental Lender to pay when due, all amounts due with respect to the Funding Loan, to the extent payments made or required to be made under the Borrower Loan Agreement and the Borrower Note are insufficient for such purpose.

(d) Origination Date; Maturity. The Funding Loan shall be originated on the Closing Date and shall mature on the Maturity Date, at which time the entire principal amount, to the extent not previously paid, and all accrued and unpaid interest, shall be due and payable.

(e) Principal. The outstanding principal amount of the Governmental Lender Note and of the Funding Loan as of any given date shall be the total amount advanced by the Funding Lender Representative to or for the account of the Governmental Lender to fund corresponding advances under the Borrower Loan Agreement and the Construction Funding Agreement as proceeds of the Borrower Loan, less any payments of principal of the Governmental Lender Note previously received upon payment of corresponding principal amounts under the Borrower Note, including regularly scheduled principal payments and voluntary and mandatory prepayments. The principal amount of the Governmental Lender Note and interest thereon shall be payable on the basis specified in this paragraph (e) and in paragraphs (f) and (g) of this Section 2.1.

The Fiscal Agent shall keep a record of all principal advances and principal repayments made under the Governmental Lender Note and shall, upon Written Request, provide the Governmental Lender and the Funding Lender Representative with a statement of the outstanding principal balance of the Governmental Lender Note and the Funding Loan.

(f) Interest. Interest shall be paid on the outstanding principal amount of the Governmental Lender Note at the rate or rates set forth in the Borrower Note and otherwise as set forth in the Borrower Loan Agreement.

(g) Corresponding Payments. The payment or prepayment of principal, interest and premium, if any, due on the Funding Loan and the Governmental Lender Note shall be identical with and shall be made on the same dates, terms and conditions, as the principal, interest, premiums, late payment fees and other amounts due on the Borrower Note. Any payment or prepayment made by the Borrower of principal, interest, premium, if any, due on the Borrower Note shall be deemed to be like payments or prepayments of principal, interest and premium, if any, due on the Funding Loan and the Governmental Lender Note. The Funding Lender Representative agrees to provide copies of the final Borrower Note and any amendments thereto, as well as the Debt Service Schedule (as defined in Section 2.4(b) of the Borrower Loan Agreement) to the Fiscal Agent on the Closing Date, if applicable, or on the date an amendment to the Borrower Note or Debt Service Schedule is executed or finalized, as applicable.

(h) Usury. The Governmental Lender intends to conform strictly to the usury laws applicable to this Funding Loan Agreement and the Governmental Lender Note and all agreements made in the Governmental Lender Note, this Funding Loan Agreement and the Funding Loan Documents are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid as interest or the amounts paid for the use of money advanced or to be advanced hereunder exceed the highest lawful rate prescribed under any law which a court of competent jurisdiction may deem applicable hereto. If, from any circumstances whatsoever, the fulfillment of any provision of the Governmental Lender Note, this Funding Loan Agreement or the other Funding Loan Documents shall involve the payment of interest in excess of the limit prescribed by any law which a court of competent jurisdiction may deem applicable hereto, then the obligation to pay interest hereunder shall be reduced to the maximum limit prescribed by law. If from any circumstances whatsoever, the Funding Lender Representative shall ever receive anything of value deemed interest, the amount of which would exceed the highest lawful rate, such amount as would be excessive interest shall be deemed to have been applied, as of the date of receipt by the Funding Lender Representative, to the reduction of the principal remaining unpaid hereunder and not to the payment of interest, or if such excessive interest exceeds the unpaid principal balance, such excess shall be refunded to the Borrower. This paragraph shall control every other provision of the Governmental Lender Note, this Funding Loan Agreement and all other Funding Loan Documents.

In determining whether the amount of interest charged and paid might otherwise exceed the limit prescribed by law, the Governmental Lender intends and agrees that (i) interest shall be computed upon the assumption that payments under the Borrower Loan Agreement and other Funding Loan Documents will be paid according to the agreed terms, and (ii) any sums of money that are taken into account in the calculation of interest, even though paid at one time, shall be spread over the actual term of the Funding Loan.

Section 2.2. Form of the Governmental Lender Note. As evidence of its obligation to repay the Funding Loan, simultaneously with the delivery of this Funding Loan Agreement to the Funding Lender Representative, the Governmental Lender hereby agrees to execute and deliver the Governmental Lender Note. The Governmental Lender Note shall be substantially in the form set forth in **Exhibit A** attached hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Funding Loan Agreement.

Section 2.3. Execution and Delivery of the Governmental Lender Note. The Governmental Lender Note shall be in substantially the form attached as **Exhibit A**. The Governmental Lender Note shall be executed on behalf of the Governmental Lender by the manual signature of an Authorized Officer of the Governmental Lender. The signatures of individuals who were the proper officers of the Governmental Lender at the time of execution shall bind the Governmental Lender, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the delivery of the Governmental Lender Note or shall not have held such offices at the date of the Governmental Lender Note.

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

Section 2.4. Required Transferee Representations; Participations; Sale and Assignment.

(a) The Governmental Lender Note shall be fully registered as to principal and interest in the manner and with any additional designation as the Fiscal Agent deems necessary for the purpose of identifying the registered owner thereof. The Governmental Lender Note shall be transferable only on the registration books of the Fiscal Agent. The Fiscal Agent shall maintain books or other records showing the name and date of registration, address and employer identification number of the registered owner of the Governmental Lender Note, and any transfers of the Governmental Lender Note, as provided herein, which books shall be maintained by the Fiscal Agent and which shall be open to inspection by the Governmental Lender. The Governmental Lender Note shall initially be registered to the Funding Lender Representative.

(b) Except as provided in Section 2.5 hereof, the Funding Lender Representative may not sell or assign the Funding Loan and the Governmental Lender Note, except in whole to a transferee who agrees to become the "Funding Lender Representative" under the Funding Loan Documents and assume all of the obligations and perform all of the duties of the Funding Lender Representative thereunder, but the Funding Lender Representative shall have the right to sell participation interests in the Funding Loan or to grant a participation interest in the Funding Loan in a percentage of not less than twenty percent (20%) of the outstanding principal amount of the Funding Loan; provided that no participant shall hold more than fifty percent (50%) of the outstanding principal amount of the Funding Loan; and provided further that the Funding Loan may be transferred, or any participation interest therein granted, only to an Approved Transferee that delivers a letter to the Governmental Lender and the Fiscal Agent substantially in the form attached hereto as **Exhibit B-1** setting forth certain representations with respect to such Approved

Transferee (the “Required Transferee Representations Letter”). Notwithstanding the preceding sentence, no Required Transferee Representations shall be required for the Funding Lender Representative to, as certified in writing by the Funding Lender Representative (i) transfer the Funding Loan to any affiliate or other party related to the Funding Lender Representative that is an Approved Transferee or (ii) sell or transfer the Funding Loan to a special purpose entity, a trust or a custodial or similar pooling arrangement from which the Funding Loan or securitized interests therein are not expected to be sold or transferred except to (x) owners or beneficial owners thereof that are Approved Transferees who deliver to the Funding Lender Representative, with a copy to the Governmental Lender, a Required Transferee Representations Letter. In connection with any sale, assignment or transfer of the Funding Loan, the Funding Lender Representative shall give notice of such sale, assignment or transfer to the Fiscal Agent and the Fiscal Agent shall record such sale, assignment or transfer on its books or other records maintained for the registration of transfer of the Governmental Lender Note.

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

(d) The Funding Lender Representative shall indemnify and defend the Governmental Lender and the Fiscal Agent against any claim brought by any transferor or transferee of the Governmental Lender Note in respect of the Funding Loan Documents or the Borrower Loan Documents in the event that the Funding Lender Representative permits a transfer of the Governmental Lender Note in violation of the restrictions in Sections 2.4(b) and (c) above.

Section 2.5. Purchase, Transfer and Exchange of Governmental Lender Note. Up to [_____] percent ([_____]%) of the Funding Loan may be purchased by and transferred to an Additional Funding Lender and, at the sole cost and expense of the Funding Lender Representative, the initial Governmental Lender Note may be exchanged for (i) a Replacement Governmental Lender Note representing the permitted portion of the Funding Loan purchased by and transferred to an Additional Funding Lender, together with (ii) an exchanged Governmental Lender Note representing the balance of the Funding Loan thereafter owned by the Funding Lender Representative. Such purchase, transfer and exchange shall occur upon satisfaction of the following conditions:

(a) Delivery by the Funding Lender Representative no less than fifteen (15) days and no more than thirty (30) days prior to the date of purchase, transfer and exchange (or such lesser notice period acceptable to the Fiscal Agent and the Governmental Lender) of a notice to the Fiscal Agent, the Governmental Lender and the Borrower including: (i) the name of the Additional Funding Lender, (ii) the proposed date of the purchase, transfer and exchange, (iii) the Applicable Funding Percentage, and (iv) the purchase price of the principal portion of the Funding Loan by the Additional Funding Lender, representing the par amount of such Applicable Funding Percentage of the Funding Loan advanced by the Funding Lender Representative prior to the date of purchase, plus interest accrued on such portion to the date of purchase, unless the Funding Lender Representative confirms in writing that it will be solely responsible for prorating the accrued and unpaid interest as between each Funding Lender Representative.

(b) Receipt by the Fiscal Agent and the Governmental Lender of an executed Assumption and Release Certificate, dated as of the date of such transfer, purchase and exchange, executed by the Funding Lender Representative and the Additional Funding Lender in the form attached to as Exhibit G, including a certification therein that the Additional Funding Lender is unrelated to the Investor Limited Partner and a copy of the executed Co-Lender Agreement attached thereto.

(c) Receipt by the Fiscal Agent of a Required Transferee Representations Letter executed by the Additional Funding Lender, confirming it is a Qualified Institutional Buyer.

(d) Receipt by the Funding Lender Representative, the Governmental Lender and the Fiscal Agent of a Tax Counsel No Adverse Effect Opinion, dated the date of such purchase, transfer and exchange, substantially to the effect that the purchase of a portion of the Funding Loan by the Additional Funding Lender will not, in and of itself, adversely affect the exclusion of interest on the Governmental Lender Note from gross income for federal income tax purposes.

(e) Receipt by the Funding Lender Representative on the date of such transfer, purchase and exchange of the purchase price of the portion of Governmental Lender Note acquired by the Additional Funding Lender (as provided in Section 2.5(a)(iv) above).

(f) Receipt of such other documents, certificates, approvals, assurances and opinions as the Governmental Lender or its counsel may reasonably request.

(g) Upon satisfaction of the conditions of this Section 2.5, the Funding Lender Representative shall surrender the initial Governmental Lender Note to the Fiscal Agent and the Fiscal Agent shall prepare the Replacement Governmental Lender Note and a replacement initial Governmental Lender Note (with Schedule 1 attached to such replacement initial Governmental Lender Note), registered in the name of the Additional Funding Lender and the Funding Lender Representative, respectively, representing the permitted portion of the Funding Loan purchased by and/or transferred to the Additional Funding Lender and the balance thereof owned by the Funding Lender Representative.

ARTICLE III

PREPAYMENT

Section 3.1. Prepayment of the Governmental Lender Note from Prepayment under the Borrower Note. The Governmental Lender Note is subject to voluntary and mandatory prepayment as follows:

(a) The Governmental Lender Note shall be subject to voluntary prepayment in full or in part by the Governmental Lender, from funds of the Governmental Lender received by the Governmental Lender or the Fiscal Agent, as provided in the Borrower Loan Agreement, to the extent and in the manner and on any date that the Borrower Note is subject to voluntary prepayment as set forth therein, at a prepayment price equal to the principal balance of the Borrower Note to be prepaid, plus interest thereon to the date of prepayment and the amount of any Prepayment Premium payable under the Borrower Note, plus any Additional Borrower Payments due and payable under the Borrower Loan Agreement through the date of prepayment.

The Borrower shall not have the right to voluntarily prepay all or any portion of the Borrower Note, thereby causing the Governmental Lender Note to be prepaid, except as specifically permitted in the Borrower Note, without the prior Written Consent of the Funding Lender Representative, which may be withheld in the Funding Lender Representative's sole and absolute discretion.

(b) The Governmental Lender Note shall be subject to mandatory prepayment in whole or in part upon prepayment of the Borrower Note at the direction of the Funding Lender Representative in accordance with the terms of the Borrower Note at a prepayment price equal to the outstanding principal

balance of the Borrower Note prepaid, plus accrued interest plus any other amounts payable under the Borrower Note or the Borrower Loan Agreement.

Section 3.2. Notice of Prepayment. Notice of prepayment of the Governmental Lender Note shall be deemed given to the extent that notice of prepayment of the Borrower Note is timely and properly given to the Funding Lender Representative and the Fiscal Agent in accordance with the terms of the Borrower Note and the Borrower Loan Agreement, and no separate notice of prepayment of the Governmental Lender Note is required to be given.

Section 3.3. Recycling Transactions. Notwithstanding any provision of this Funding Loan Agreement or the Governmental Lender Note(s) to the contrary, the Governmental Lender shall be permitted to direct Borrower Note prepayments to be transferred to a custodian or trustee selected by the Governmental Lender, in lieu of application to prepay a like portion of the Governmental Lender Note(s), so long as the Governmental Lender simultaneously causes other funds to be applied to prepay such portion of the Governmental Lender Note(s). The preceding provisions shall apply only for purposes of preserving or “recycling” private activity bond volume cap in accordance with Section 146(i)(6) of the Code.

In connection with such recycling and Borrower Tax-Exempt Note prepayment, if so directed in a Written Direction of the Governmental Lender provided to the Fiscal Agent prior to any prepayment date, the Fiscal Agent is hereby authorized and directed to receive any such Borrower Tax-Exempt Note prepayment or amounts corresponding thereto and to hold such amounts, uninvested, for such period of time and to transfer such amounts to the Funding Lender Representative, or to such custodian, fiscal agent or trustee designed by the Governmental Lender and specified in such Written Direction. For purposes of effectuating the foregoing, the Fiscal Agent is hereby authorized and directed to open and create such funds or accounts, which may be temporary in nature, as may be necessary or desirable, and to close such funds or accounts following the completion of the transfers set forth in such Written Direction.

ARTICLE IV

SECURITY

Section 4.1. Security for the Funding Loan. To secure the payment of the Funding Loan and the Governmental Lender Note, to declare the terms and conditions on which the Funding Loan and the Governmental Lender Note are secured, and in consideration of the premises and of the funding of the Funding Loan by the Funding Lender Representative, the Governmental Lender by these presents does grant, bargain, sell, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm to the Funding Lender Representative (except as limited herein), a lien on and security interest in the following described property (excepting, however, in each case, the Unassigned Rights) (said property, rights and privileges being herein collectively called, the “Security”):

(a) All right, title and interest of the Governmental Lender in, to and under the Borrower Loan, the Borrower Loan Agreement, the Borrower Note and the other Borrower Loan Documents, including, without limitation, all rents, revenues and receipts derived by the Governmental Lender from the Borrower relating to the Project and including, without limitation, all Pledged Revenues, the Borrower Loan Payments and Additional Borrower Payments derived by the Governmental Lender under and pursuant to, and subject to the provisions of, the Borrower Loan Agreement;

(b) All right, title and interest of the Governmental Lender in, to and under, together with all rights, remedies, privileges and options pertaining to, the Funding Loan Documents, and all other payments,

revenues and receipts derived by the Governmental Lender under and pursuant to, and subject to the provisions of, the Funding Loan Documents;

(c) Any and all moneys and investments from time to time on deposit in, or forming a part of, all funds and accounts created and held by the Fiscal Agent under this Funding Loan Agreement (other than the Rebate Fund), subject to the provisions of this Funding Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein; and

(d) Any and all other real or personal property of every kind and nature or description, which may from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien of this Funding Loan Agreement as additional security by the Governmental Lender or anyone on its part or with its consent, or which pursuant to any of the provisions hereof or of the Borrower Loan Agreement may come into the possession or control of the Fiscal Agent or the Funding Lender Representative or a receiver appointed pursuant to this Funding Loan Agreement.

The Fiscal Agent and the Funding Lender Representative are hereby authorized to receive any and all such property as and for additional security for the Funding Loan and the Governmental Lender Note and to hold and apply all such property subject to the terms hereof.

The pledge and assignment of and the security interest granted in the Security pursuant to this Section 4.1 for the payment of the principal of, premium, if any, and interest on the Governmental Lender Note, in accordance with its terms and provisions, and for the payment of all other amounts due hereunder, shall attach and be valid and binding from and after the time of the delivery of the Governmental Lender Note by the Governmental Lender. The Security so pledged and then or thereafter received by the Fiscal Agent or the Funding Lender Representative shall immediately be subject to the lien of such pledge and security interest without any physical delivery or recording thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Governmental Lender irrespective of whether such parties have notice thereof.

Section 4.2. Delivery of Security. To provide security for the payment of the Funding Loan and the Governmental Lender Note, the Governmental Lender has pledged and assigned its right, title and interest in the Security to the Funding Lender Representative. In connection with such pledge, assignment, transfer and conveyance, the Governmental Lender shall deliver to the Funding Lender Representative the following documents or instruments promptly following their execution:

(a) The Borrower Note endorsed without recourse to the Funding Lender Representative by the Governmental Lender;

(b) The originally executed Borrower Loan Agreement; and

(c) An assignment for security of the Security Instrument from the Governmental Lender to the Funding Lender Representative, in recordable form.

The Governmental Lender shall deliver and deposit with the Funding Lender Representative such additional documents, financing statements, and instruments as the Funding Lender Representative may reasonably require from time to time for the better perfecting and assuring to the Funding Lender Representative of its lien and security interest in and to the Security, at the expense of the Borrower.

ARTICLE V

LIMITED LIABILITY

Section 5.1. Source of Payment of Funding Loan and Other Obligations. The Funding Loan is a limited obligation of the Governmental Lender, payable solely from the Pledged Revenues and other funds and moneys and the Security pledged and assigned hereunder. None of the State, or any political subdivision thereof (except the Governmental Lender, to the limited extent set forth herein) nor any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on the Funding Loan or for the performance of any pledge, obligation or agreement of any kind whatsoever with respect thereto except as set forth herein, and none of the Funding Loan or the Governmental Lender Note or any of the Governmental Lender's agreements or obligations with respect to the Funding Loan, the Governmental Lender Note, or hereunder, shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever. The making of the Funding Loan and the execution and delivery of the Governmental Lender Note shall not directly, indirectly, or contingently obligate the City, the State of California or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

Section 5.2. Exempt from Individual Liability. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of any present or future officer, director, employee or agent of the Governmental Lender in his individual capacity, and neither the officers, directors, employees or agents of the Governmental Lender executing the Governmental Lender Note or this Funding Loan Agreement shall be liable personally on the Governmental Lender Note or under this Funding Loan Agreement or be subject to any personal liability or accountability by reason of the execution and delivery of the Governmental Lender Note or the execution of this Funding Loan Agreement.

ARTICLE VI

CLOSING CONDITIONS; APPLICATION OF FUNDS

Section 6.1. Conditions Precedent to Closing. Closing of the Funding Loan on the Closing Date shall be conditioned upon satisfaction or waiver by the Funding Lender Representative and the Governmental Lender in their sole discretion of each of the conditions precedent to closing set forth in this Funding Loan Agreement, including but not limited to the following:

- (a) Receipt by the Funding Lender Representative of the original Governmental Lender Note;
- (b) Receipt by the Funding Lender Representative of the original executed Borrower Note, endorsed to the Funding Lender Representative by the Governmental Lender;
- (c) Receipt by the Funding Lender Representative and the Governmental Lender of executed counterparts of the Funding Loan Documents including this Funding Loan Agreement, the Borrower Loan Agreement, the Construction Funding Agreement, the Regulatory Agreement, the Tax Certificate and the Security Instrument;
- (d) Receipt by the Funding Lender Representative of a certified copy of the Resolution;

(e) Receipt by the Governmental Lender of an executed Required Transferee Representations from the Funding Lender Representative;

(f) Delivery into escrow or to the Fiscal Agent, as appropriate, of all amounts required to be paid in connection with the origination of the Borrower Loan and the Funding Loan and any underlying real estate transfers or transactions, including the Costs of Funding Deposit, in accordance with Section 2.3(c)(ii) of the Borrower Loan Agreement;

(g) Receipt by the Funding Lender Representative and the Governmental Lender of a Tax Counsel Approving Opinion addressed to the Governmental Lender;

(h) Receipt by the Funding Lender Representative of an Opinion of Counsel from Tax Counsel substantially to the effect that the Governmental Lender Note is not subject to the registration requirements of the Securities Act of 1933, as amended, and this Funding Loan Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(i) delivery of an opinion of counsel to the Borrower addressed to the Governmental Lender and the Funding Lender Representative to the effect that the Funding Loan Documents to which the Borrower is a party are valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms, subject to such exceptions and qualifications as are acceptable to the Governmental Lender and the Funding Lender Representative; and

(j) Receipt by the Funding Lender Representative or the Governmental Lender of any other documents or opinions that the Funding Lender Representative or the Governmental Lender may require.

ARTICLE VII

FUNDS AND ACCOUNTS

Section 7.1. Authorization to Create Funds and Accounts. Only such funds or accounts as provided in Section 7.3 shall be established in connection with the Funding Loan at the time of closing and origination of the Funding Loan. The Funding Lender Representative, the Fiscal Agent (as directed by the Funding Lender Representative) and the Servicer, if any, are authorized to establish and create from time to time such other funds and accounts or subaccounts as may be necessary for the deposit of moneys (including, without limitation, insurance proceeds and/or condemnation awards), if any, received by the Governmental Lender, the Funding Lender Representative, the Fiscal Agent or the Servicer pursuant to the terms hereof or any of the other Funding Loan Documents and not immediately transferred or disbursed pursuant to the terms of the Funding Loan Documents.

Section 7.2. Reserved.

Section 7.3. Establishment of Funds. There are established with the Fiscal Agent the following funds and accounts:

(a) The Funding Loan Payment Fund;

(b) The Project Fund, and within the Project Fund (i) the Note Proceeds Account, (ii) the Capitalized Interest Account and (iii) the Borrower Equity Account;

(c) The Expense Fund;

- (d) The Closing Costs Fund; and
- (e) The Rebate Fund.

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

Section 7.4. Funding Loan Payment Fund. The Governmental Lender and the Borrower shall have no interest in the Funding Loan Payment Fund or the moneys therein, which shall always be maintained by the Fiscal Agent completely separate and segregated from all other moneys held hereunder and from any other moneys of the Governmental Lender and the Borrower.

The Fiscal Agent shall deposit into the Funding Loan Payment Fund any amounts received from the Borrower as payments of principal of, premium, if any, or interest on the Borrower Loan and any other amounts received by the Fiscal Agent that are subject to the lien and pledge of this Funding Loan Agreement, including any Pledged Revenues not required to be deposited to the Expense Fund or not otherwise specifically directed in writing to be deposited into other funds created by this Funding Loan Agreement.

The Fiscal Agent shall apply all amounts on deposit in the Funding Loan Payment Fund in the following order of priority:

First, to pay or provide for the payment of the interest then due on the Funding Loan;

Second, to pay or provide for the payment or the prepayment of principal (and premium, if any) on the Funding Loan, provided moneys have been transferred or deposited into the Funding Loan Payment Fund for such purpose; and

Third, to pay or provide for the payment of the Funding Loan on the Maturity Date or earlier prepayment or acceleration date.

Section 7.5. Expense Fund. The Fiscal Agent shall deposit in the Expense Fund the amounts required by the Regulatory Agreement or the Borrower Loan Agreement to be paid by the Borrower to the Governmental Lender or the Fiscal Agent. Amounts on deposit in the Expense Fund shall be used to pay the fees and expenses of the Governmental Lender, the Rebate Analyst and the Fiscal Agent, as and when the same become due. Moneys in the Expense Fund shall be withdrawn or maintained, as appropriate, by the Fiscal Agent to pay (i) the Ongoing Governmental Lender Fee, (ii) the Fiscal Agent Fee when due and (iii) the Rebate Analyst fee when due.

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

Written Notice of any deficiency, which results in the Governmental Lender not receiving the Ongoing Governmental Lender Fee on the applicable due date, shall be provided by the Fiscal Agent to the

Governmental Lender (with a copy to the Borrower and the Funding Lender Representative) within ten (10) days of the respective due date.

Upon payment by the Borrower of such deficiency, the amounts for which such deficiency was requested shall be paid by the Fiscal Agent.

Notwithstanding anything herein to the contrary, the Fiscal Agent, on behalf of the Governmental Lender, shall prepare and submit an invoice to the Borrower for payment of the Ongoing Governmental Lender Fee not later than thirty (30) days prior to the due date for payment of the Ongoing Governmental Lender Fee, and shall remit moneys received by the Borrower to the Governmental Lender for payment of such fee.

No amount shall be charged against the Expense Fund except as expressly provided in this Article VII hereof.

Section 7.6. Closing Costs Fund. On the Closing Date, the Borrower shall deposit or cause to be deposited with the Fiscal Agent, for deposit in the Closing Costs Fund, the amount set forth in **Exhibit E** hereto, if any. Amounts in the Closing Costs Fund shall be disbursed by the Fiscal Agent to pay Costs of Funding on the Closing Date or as soon as practicable thereafter as set forth in a closing memorandum prepared by the Funding Lender Representative and approved by the Governmental Lender. Any interest earnings on amounts on deposit in the Closing Costs Fund shall remain in the Closing Costs Fund. Any moneys remaining in the Closing Costs Fund (including investment proceeds) after the earlier of (i) the payment of all costs of issuance as certified in writing to the Fiscal Agent by the Borrower or (ii) a period of not more than 180 days after the Closing Date, shall be transferred to the Borrower Equity Account of the Project Fund (such amounts having been funded with moneys other than proceeds of the Funding Loan) and the Closing Costs Fund shall be closed.

Section 7.7. Project Fund.

(a) Proceeds of the Funding Loan provided by the Funding Lender Representative shall be deposited to the Note Proceeds Account and the Capitalized Interest Account of the Project Fund on the Closing Date as set forth in **Exhibit E** and otherwise as directed in writing by the Funding Lender Representative. Borrower Required Equity shall be deposited to the Borrower Equity Account and the Capitalized Interest Account of the Project Fund on the Closing Date as set forth in **Exhibit E** and otherwise as directed in writing by the Funding Lender Representative. The Fiscal Agent shall disburse moneys in the Note Proceeds Account, the Capitalized Interest Account and the Borrower Equity Account of the Project Fund for the acquisition, construction and equipping of the Project, to pay other Qualified Project Costs and to pay other costs related to the Project as provided herein.

Except as otherwise provided in this Section, payments shall only be made from the Project Fund upon delivery to the Fiscal Agent of a Written Requisition substantially in the form attached hereto as **Exhibit C** and approved by the Funding Lender Representative.

In addition to the above, in connection with any requisition or disbursement from the Project Fund:

(i) The Fiscal Agent shall disburse amounts in the Project Fund upon receipt of a Written Requisition signed only by the Funding Lender Representative, without any need for any signature by an Authorized Borrower Representative, so long as the amount to be disbursed is to be used solely to make payments of principal, interest and/or fees due under the Funding Loan Documents.

(ii) Upon the occurrence of any mandatory prepayment of the Funding Loan pursuant to the terms hereof or an Event of Default, any amounts then remaining in the Project Fund may, at the Written Direction of the Funding Lender Representative, be transferred to the Funding Loan Payment Fund to be applied to the prepayment of the Funding Loan without a Written Requisition.

(iii) The Fiscal Agent shall immediately provide Written Notice to the Borrower, the Funding Lender Representative, the Servicer and the Governmental Lender if there are not sufficient funds available to or on deposit with the Fiscal Agent to make the disbursements as and when required by this Section.

(iv) The Fiscal Agent may conclusively rely on all Written Requisitions executed by the Authorized Borrower Representative and approved by the Funding Lender Representative, as required by this Section, as conditions of payment from the Project Fund, and shall constitute to the Fiscal Agent, irrevocable determinations that all conditions to payment of the specified amounts from the Project Fund have been satisfied. All Written Requisitions delivered to the Fiscal Agent shall be retained by the Fiscal Agent, subject at all reasonable times to examination by the Borrower, the Governmental Lender, the Funding Lender Representative and the agents and representatives thereof upon reasonable notice to the Fiscal Agent. The Fiscal Agent is not required to make any independent investigation with respect to the matters set forth in any Written Requisition or other statements, orders, certifications and approvals received by the Fiscal Agent.

Upon receipt of each Written Requisition signed by the Authorized Borrower Representative and approved in writing by the Funding Lender Representative, the Fiscal Agent shall promptly, but in any case within two (2) Business Days, make payment from the applicable account within the Project Fund in accordance with such Written Requisition. All such payments shall be made by check or draft payable, or by wire transfer, either (i) directly to the person, firm or corporation to be paid as provided in the Written Requisition, (ii) to the Borrower who shall then promptly pay such person, firm or corporation to be paid, or (iii) upon receipt by the Funding Lender Representative of evidence that the Borrower has previously paid such amount, directly to the Borrower. Upon final disbursement of all amounts on deposit in the Project Fund, the Fiscal Agent shall close the Project Fund.

(b) Amounts set aside to pay capitalized interest on the Funding Loan, including additional capitalized interest deposited by the Borrower in connection with any deposits made pursuant to Section 2.1 hereof or extension of the Completion Deadline, shall be deposited in the Capitalized Interest Account of the Project Fund. On the last Business Day immediately preceding each Interest Payment Date up to and including [August 1, 20__], the Fiscal Agent shall transfer funds from the Capitalized Interest Account of the Project Fund or, to the extent that insufficient funds are on deposit in the Capitalized Interest Account, from the Borrower Equity Account of the Project Fund, to the Funding Loan Payment Fund to pay the interest due on the Funding Loan on the following Interest Payment Date without the need for a Written Requisition. After [August 1, 20__], any amounts remaining in the Capitalized Interest Account shall be transferred to the Note Proceeds Account of the Project Fund to the extent such amounts were funded with proceeds of the Funding Loan and to the Borrower Equity Account of the Project Fund to the extent such amounts were funded with amounts other than proceeds of the Funding Loan.

Section 7.8. Rebate Fund. The Fiscal Agent shall deposit or transfer to the credit of the Rebate Fund each amount delivered to the Fiscal Agent by the Borrower for deposit thereto and each amount directed by the Borrower or the Rebate Analyst to be transferred thereto pursuant to Section 5.35 of the Borrower Loan Agreement.

Section 7.9. Investments.

Amounts on deposit in all funds and accounts held hereunder shall be invested in Investments as directed in writing by the Borrower and approved in writing by the Funding Lender Representative. Investment income earned on amounts on deposit in each fund and account shall be retained in and credited to and become a part of the amounts on deposit in such fund or account. In giving such direction, the Borrower shall take into account that amounts held in any funds or accounts created under this Funding Loan Agreement shall be subject in all cases to the restrictions of Section 8.7 hereof and of the Tax Certificate.

The Fiscal Agent may make any and all investments permitted under this Funding Loan Agreement through its own trust or banking department or any affiliate and may pay said department reasonable, customary fees for placing such investments. The Fiscal Agent and its affiliates may act as principal, agent, sponsor, advisor or depository with respect to Permitted Investments under this Funding Loan Agreement. The Fiscal Agent shall not be liable for any losses from investments made by the Fiscal Agent in accordance with this Funding Loan Agreement. The Fiscal Agent may rely conclusively in the investment direction of the Borrower as to the suitability and legality of the directed investments.

The Governmental Lender, the Funding Lender Representative and the Borrower (by its execution of the Borrower Loan Agreement) acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Governmental Lender or the Funding Lender Representative the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, the Governmental Lender and the Funding Lender Representative will not receive such confirmations to the extent permitted by law. The Fiscal Agent shall furnish the Borrower, the Funding Lender Representative and the Governmental Lender (to the extent requested by such parties) periodic cash transaction statements which shall include detail for all investment transactions, if any, made by the Fiscal Agent hereunder.

The amounts received upon the sale of the Governmental Lender Note and interest and other investment earnings on those amounts shall be allocated and used for financing Qualified Project Costs of the Project so that the aggregate basis of the building and related land, within the meaning of Section 42(h)(4) of the Code, shall be financed by fifty percent (50%) or more from those amounts.

ARTICLE VIII

REPRESENTATIONS AND COVENANTS

Section 8.1. General Representations. The Governmental Lender makes the following representations as the basis for the undertakings on its part herein contained:

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

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

(c) The revenues and receipts to be derived from the Borrower Loan Agreement, the Borrower Note and this Funding Loan Agreement have not been pledged previously by the Governmental Lender to

secure any of its notes or bonds, other than this Funding Loan Agreement as evidenced by the Governmental Lender Note.

(d) The California Debt Limit Allocation Committee has provided an allocation of the State's 2020 private activity bond volume cap under Section 146 of the Code to the Governmental Lender for the Governmental Lender Note, and, if applicable, the Governmental Lender has timely made any required carryforward election with respect to such allocation. The Governmental Lender hereby elects to apply the alternative option under clause (2) of the first paragraph of Section 3.01 of IRS Notice 2011-63 with respect to the issue date of the Governmental Lender Note; and, in connection therewith, has directed Tax Counsel to include the information on Form 8038 filed for the Governmental Lender Note that is required by Section 3.03 of IRS Notice 2011-63.

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

Section 8.2. No Encumbrance on Security. The Governmental Lender will not knowingly create or knowingly permit the creation of any mortgage, pledge, lien, charge or encumbrance of any kind on the Security or any part thereof prior to or on a parity with the lien of this Funding Loan Agreement, except as expressly permitted or contemplated by the Funding Loan Documents.

Section 8.3. Repayment of Funding Loan. Subject to the provisions of Article II hereof, the Governmental Lender will duly and punctually repay, or cause to be repaid, the Funding Loan, as evidenced by the Governmental Lender Note, as and when the same shall become due, all in accordance with the terms of the Governmental Lender Note and this Funding Loan Agreement.

Section 8.4. The Servicer. The Funding Lender Representative may appoint the Servicer to service and administer the Governmental Loan and/or the Borrower Loan on behalf of the Funding Lender Representative, including without limitation the fulfillment of rights and responsibilities granted by the Governmental Lender to the Funding Lender Representative pursuant to Section 2.1 of the Borrower Loan Agreement.

Section 8.5. Borrower Loan Agreement Performance.

(a) The Funding Lender Representative and the Servicer, if any, on behalf of the Governmental Lender, may (but shall not be required to nor obligated to) perform and observe any agreement or covenant of the Governmental Lender under the Borrower Loan Agreement.

(b) The Governmental Lender will promptly notify or cause to be notified the Borrower, the Fiscal Agent, the Servicer, if any, and the Funding Lender Representative in writing of the occurrence of any Borrower Loan Agreement Default, provided that the Governmental Lender has received Written Notice or otherwise has knowledge of such event.

Section 8.6. Maintenance of Records; Inspection of Records.

(a) The Fiscal Agent shall keep and maintain adequate records pertaining to any funds and accounts established hereunder, including all deposits to and disbursements from said funds and accounts and shall keep and maintain the registration books for the Governmental Lender Note and interests therein.

The Fiscal Agent shall retain in its possession all certifications and other documents presented to it, all such records and all records of principal, interest and premium paid on the Funding Loan, subject to the inspection of the Funding Lender Representative and the Governmental Lender and their representatives at all reasonable times and upon reasonable prior notice.

(b) The Governmental Lender and the Funding Lender Representative will at any and all times, upon the reasonable request of the Servicer, if any, the Borrower, the Fiscal Agent, the Governmental Lender or the Funding Lender Representative, afford and procure a reasonable opportunity by their respective representatives to inspect the books, records, reports and other papers of the Governmental Lender or the Funding Lender Representative, as appropriate, relating to the Project and the Funding Loan, if any, and to make copies thereof.

Section 8.7. Tax Covenants. The Governmental Lender covenants to and for the benefit of the Fiscal Agent and the Funding Lender Representative that, notwithstanding any other provisions of this Funding Loan Agreement or of any other instrument (but subject to the last paragraph of this Section 8.7), it will:

(a) Enforce or cause to be enforced all obligations of the Borrower under the Regulatory Agreement in accordance with its terms and seek to cause the Borrower to correct any violation of the Regulatory Agreement within a reasonable period after any such violation is first discovered;

(b) Not take or cause to be taken any other action or actions, or fail to take any action or actions, which would adversely affect the tax exempt status of the Governmental Lender Note;

(c) At all times do and perform all acts and things permitted by law and necessary or desirable in order to maintain tax-exempt status of the Governmental Lender Note (it being understood that the tax-exempt status of interest in respect of any particular holder will be affected if such holder of the Governmental Lender Note or a portion thereof is a “substantial user” of the facilities financed with the Governmental Lender Note or a “related person” within the meaning of Section 147(a) of the Code);

(d) Not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Funding Loan to be “federally guaranteed” within the meaning of Section 149(b) of the Code and the Regulations;

(e) Require the Borrower to agree, pursuant to the terms and provisions of the Borrower Loan Agreement, not to commit any act and not to make any use of the proceeds of the Funding Loan, or any other moneys which may be deemed to be proceeds of the Funding Loan pursuant to the Code, which would cause the Funding Loan to be an “arbitrage bond” within the meaning of Sections 103(b) and 148 the Code, and to comply with the requirements of the Code throughout the term of the Funding Loan; and

(f) Require the Borrower to take all steps necessary to compute and pay any rebatable arbitrage in accordance with Section 148(f) of the Code.

In furtherance of the covenants in this Section 8.7, the Governmental Lender and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which is by this reference incorporated into and made a part of this Funding Loan Agreement as if set forth in this Funding Loan Agreement in full. Notwithstanding the foregoing, in the event of any conflict between the requirements of this Section 8.7 and those of the Tax Certificate, the Tax Certificate shall control.

For purposes of this Section 8.7: (1) the Governmental Lender is assuming, with the consent of the parties hereto, the truth of the representations of the Borrower and the current and ongoing compliance by

the Borrower with the covenants and agreements of the Borrower, in each case contained in the Borrower Loan Agreement, the Regulatory Agreement and the Tax Certificate; (2) the Governmental Lender's compliance shall be based solely on matters within the Governmental Lender's knowledge and control; (3) no acts, omissions or directions of the Borrower, the Funding Lender Representative, the Fiscal Agent or any other Persons shall be attributed to the Governmental Lender; and (4) in complying with the foregoing covenants, the Governmental Lender may rely on an opinion of Tax Counsel.

Section 8.8. Performance by the Borrower. Without relieving the Governmental Lender from the responsibility for performance and observance of the agreements and covenants required to be performed and observed by it hereunder, the Borrower, on behalf of the Governmental Lender, may perform any such agreement or covenant if no Borrower Loan Agreement Default or Potential Default under the Borrower Loan Agreement exists.

ARTICLE IX

DEFAULT; REMEDIES

Section 9.1. Events of Default. Any one or more of the following shall constitute an event of default (an "Event of Default") under this Funding Loan Agreement (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) A default in the payment of any interest upon the Governmental Lender Note when such interest becomes due and payable; or

(b) A default in the payment of principal of, or Prepayment Premium, if any, on, the Governmental Lender Note when such principal or Prepayment Premium becomes due and payable, whether at its stated maturity, by declaration of acceleration, call for mandatory prepayment or otherwise; or

(c) Subject to Section 8.8 hereof, default in the performance or breach of any material covenant or warranty of the Governmental Lender in this Funding Loan Agreement (other than a covenant or warranty or default in the performance or breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of thirty (30) days after there has been given Written Notice by the Funding Lender Representative or the Servicer to the Governmental Lender and the Borrower as provided in Section 12.1 hereof, stating that such notice is a "Notice of Default" under this Funding Loan Agreement, specifying such default or breach, and requiring it to be remedied; provided that, so long as the Governmental Lender has commenced to cure such failure, to observe or to perform within the thirty (30) day cure period, or the subject matter of the default is not capable of cure within said thirty (30) day period, and the Governmental Lender is diligently pursuing such cure to the Funding Lender Representative's satisfaction, then with the Funding Lender Representative's Written Direction or consent, the Governmental Lender shall have an additional period of time as reasonably necessary (not to exceed thirty (30) days unless extended in writing by the Funding Lender Representative) within which to cure such default; or

(d) A default in the payment of any Additional Borrower Payments; or

(e) Any other "Default" or "Event of Default" under any of the other Funding Loan Documents (taking into account any applicable cure or grace periods therein).

Section 9.2. Acceleration of Maturity; Rescission and Annulment.

(a) Subject to the provisions of Section 9.9 hereof, upon the occurrence of an Event of Default under Section 9.1 hereof, then and in every such case, the Funding Lender Representative may declare the principal of the Funding Loan and the Governmental Lender Note and the interest accrued to be immediately due and payable, by notice to the Governmental Lender and the Borrower and upon any such declaration, all principal of and Prepayment Premium, if any, and interest on the Funding Loan and the Governmental Lender Note shall become immediately due and payable.

(b) At any time after a declaration of acceleration has been made pursuant to subsection (a) of this Section, the Funding Lender Representative may by Written Notice to the Governmental Lender, rescind and annul such declaration and its consequences if:

(i) There has been deposited with the Funding Lender Representative a sum sufficient to pay (1) all overdue installments of interest on the Funding Loan and the Governmental Lender Note, (2) the principal of and Prepayment Premium, on the Funding Loan and the Governmental Lender Note that has become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in the Funding Loan and the Governmental Lender Note, (3) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Funding Loan and the Governmental Lender Note, and (4) all sums paid or advanced by the Funding Lender Representative and the reasonable compensation, expenses, disbursements and advances of the Funding Lender Representative, its agents and counsel (but only to the extent not duplicative with subclauses (1) and (3) above); and

(ii) All Events of Default, other than the nonpayment of the principal of the Funding Loan and the Governmental Lender Note which have become due solely by such declaration of acceleration, have been cured or have been waived in writing as provided in Section 9.9 hereof.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

(c) Notwithstanding the occurrence and continuation of an Event of Default, it is understood that the Funding Lender Representative shall pursue no remedies against the Borrower or the Project if no Borrower Loan Agreement Default has occurred and is continuing. An Event of Default hereunder shall not in and of itself constitute a Borrower Loan Agreement Default.

Section 9.3. Additional Remedies; the Funding Lender Representative Enforcement.

(a) Upon the occurrence of an Event of Default, the Funding Lender Representative may, subject to the provisions of this Section 9.3 and Section 9.9 hereof, proceed to protect and enforce its rights by mandamus or other suit, action or proceeding at law or in equity. No remedy conferred by this Funding Loan Agreement upon or remedy reserved to the Funding Lender Representative is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Funding Lender Representative hereunder or now or hereafter existing at law or in equity or by statute.

(b) Upon the occurrence and continuation of any Event of Default, the Funding Lender Representative may proceed forthwith to protect and enforce its rights and this Funding Loan Agreement by such suits, actions or proceedings as the Funding Lender Representative, in its sole discretion, shall deem expedient. The Funding Lender Representative shall have upon the occurrence and continuation of any Event of Default all rights, powers, and remedies with respect to the Security as are available under the

UCC applicable thereto or as are available under any other applicable law at the time in effect and, without limiting the generality of the foregoing, the Funding Lender Representative may proceed at law or in equity or otherwise, to the extent permitted by applicable law:

(i) to take possession of the Security or any part thereof, with or without legal process, and to hold, service, administer and enforce any rights thereunder or thereto, and otherwise exercise all rights of ownership thereof, including (but not limited to) the sale of all or part of the Security;

(ii) to become mortgagee of record for the Borrower Loan including, without limitation, completing the assignment of the Security Instrument by the Governmental Lender to the Funding Lender Representative as anticipated by this Funding Loan Agreement, and recording the same in the real estate records of the jurisdiction in which the Project is located, without further act or consent of the Governmental Lender, and to service and administer the same for its own account;

(iii) to service and administer the Funding Loan as agent and on behalf of the Governmental Lender or otherwise, and, if applicable, to take such actions necessary to enforce the Funding Loan Documents on its own behalf, and to take such alternative courses of action, as it may deem appropriate; or

(iv) to take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Governmental Lender Note, this Funding Loan Agreement or the other Funding Loan Documents, or in and of the execution of any power herein granted, or for foreclosure hereunder, or for enforcement of any other appropriate legal or equitable remedy or otherwise as the Funding Lender Representative may elect.

(c) Whether or not an Event of Default has occurred, the Funding Lender Representative, in its sole discretion, shall have the sole right to waive or forbear any term, condition, covenant or agreement of the Security Instrument, the Borrower Loan Agreement, the Borrower Note or any other Funding Loan Documents applicable to the Borrower, or any breach thereof, other than a covenant that would adversely impact the tax exempt status of the interest on the Governmental Lender Note, and provided that the Governmental Lender may enforce specific performance with respect to the Unassigned Rights.

(d) If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in the Regulatory Agreement, and if such default remains uncured for a period of sixty (60) days after the Borrower and the Funding Lender Representative receive Written Notice stating that a default under the Regulatory Agreement has occurred and specifying the nature of the default, the Funding Lender Representative shall have the right to seek specific performance of the provisions of the Regulatory Agreement or to exercise its other rights or remedies thereunder.

(e) If the Borrower defaults in the performance of its obligations under the Borrower Loan Agreement or any of the other Funding Loan Documents to make rebate payments, to comply with any applicable continuing disclosure requirements, or to make payments owed thereunder, the Funding Lender Representative shall have the right to exercise all its rights and remedies thereunder.

Section 9.4. Application of Money Collected. Any money collected by the Funding Lender Representative pursuant to this Article and any other sums then held by the Funding Lender Representative as part of the Security, shall be applied in the following order, at the date or dates fixed by the Funding Lender Representative:

(a) First: To the payment of any and all amounts due under the Funding Loan Documents other than with respect to principal and interest accrued on the Funding Loan, including, without limitation, any amounts due to the Fiscal Agent, the Governmental Lender, the Funding Lender Representative, the Servicer and the Rebate Analyst;

(b) Second: To the payment of the whole amount of the Funding Loan, as evidenced by the Governmental Lender Note, then due and unpaid in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Funding Loan) on overdue principal of, and Prepayment Premium and overdue installments of interest on the Funding Loan; provided, however, that partial interests in any portion of the Funding Loan shall be paid in such order of priority as may be prescribed by Written Direction of the Funding Lender Representative in its sole and absolute discretion; and

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

If and to the extent this Section 9.4 conflicts with the provisions of the Servicing Agreement, the provisions of the Servicing Agreement shall control. Capitalized terms used in this Section 9.4 but not otherwise defined in this Funding Loan Agreement shall have the meanings given such terms in the Servicing Agreement.

Section 9.5. Remedies Vested in the Funding Lender Representative. All rights of action and claims under this Funding Loan Agreement or the Governmental Lender Note may be prosecuted and enforced by the Funding Lender Representative without the possession of the Governmental Lender Note or the production thereof in any proceeding relating thereto.

Section 9.6. Restoration of Positions. If the Funding Lender Representative shall have instituted any proceeding to enforce any right or remedy under this Funding Loan Agreement and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Funding Lender Representative, then and in every such case the Governmental Lender and the Funding Lender Representative shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Governmental Lender and the Funding Lender Representative shall continue as though no such proceeding had been instituted.

Section 9.7. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Funding Lender Representative is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 9.8. Delay or Omission Not Waiver. No delay or omission of the Funding Lender Representative to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Funding Lender Representative may be exercised from time to time, and as often as may be deemed expedient, by the Funding Lender Representative. No waiver of any default or Event of Default pursuant to Section 9.9 hereof shall extend to or shall affect any subsequent default or Event of Default hereunder or shall impair any rights or remedies consequent thereon.

Section 9.9. Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Funding Lender Representative, the Funding Lender Representative may, subject to Section 9.6 hereof, by Written Notice to the Governmental Lender and the Borrower, waive any past default hereunder or under the Borrower Loan Agreement and its consequences except for default in obligations due to the Governmental Lender pursuant to or under the Unassigned Rights. Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Funding Loan Agreement and the Borrower Loan Agreement; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 9.10. Remedies Under the Borrower Loan Agreement or the Borrower Note. As set forth in this Section 9.10 but subject to Section 9.9 hereof, the Funding Lender Representative shall have the right, in its own name or on behalf of the Governmental Lender, to declare any default and exercise any remedies under the Borrower Loan Agreement or the Borrower Note, whether or not the Governmental Lender Note has been accelerated or declared due and payable by reason of an Event of Default.

Section 9.11. Waiver of Appraisal and Other Laws.

(a) To the extent permitted by law, the Governmental Lender will not at any time insist upon, plead, claim or take the benefit or advantage of, any appraisal, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement of this Funding Loan Agreement; and the Governmental Lender, for itself and all who may claim under it, so far as it or they now or hereafter may lawfully do so, hereby waives the benefit of all such laws. The Governmental Lender, for itself and all who may claim under it, waives, to the extent that it may lawfully do so, all right to have the property in the Security marshaled upon any enforcement hereof.

(b) If any law now in effect prohibiting the waiver referred to in Section 9.11(a) above, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the application of this Section 9.11.

Section 9.12. Suits to Protect the Security. The Funding Lender Representative shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Security by any acts that may be unlawful or in violation of this Funding Loan Agreement and to protect its interests in the Security and in the rents, issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Funding Lender Representative.

Section 9.13. Remedies Subject to Applicable Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Funding Loan Agreement invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

Section 9.14. Assumption of Obligations. In the event that the Funding Lender Representative or its assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of the Borrower under the Borrower Loan Agreement, the Borrower Note, the Regulatory Agreement and any other Funding Loan Documents to which the Borrower is a party. Such assumption shall be effective from and after the effective

date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

It is the intention of the parties hereto that upon the occurrence and continuance of an Event of Default hereunder, rights and remedies may be pursued pursuant to the terms of the Funding Loan Documents.

ARTICLE X

AMENDMENT; AMENDMENT OF THE BORROWER LOAN AGREEMENT

AND OTHER DOCUMENTS

Section 10.1. Amendment of Funding Loan Agreement. Any of the terms of this Funding Loan Agreement and the Governmental Lender Note may be amended or waived only by an instrument signed by the Funding Lender Representative, the Fiscal Agent (at the Funding Lender Representative's direction) and the Governmental Lender, provided, however, no such amendment which materially affects the rights, duties, obligations or other interests of the Borrower shall be made without the consent of the Borrower, and, provided further, that if the Borrower is in default under any Funding Loan Document, no Borrower consent shall be required unless such amendment has a material adverse effect on the rights, duties, obligations or other interests of the Borrower. All of the terms of this Funding Loan Agreement shall be binding upon the successors and assigns of and all persons claiming under or through the Governmental Lender or any such successor or assign, and shall inure to the benefit of and be enforceable by the successors and assigns of the Funding Lender Representative. The Fiscal Agent may, but shall not be required to, enter into any amendment or waiver affecting its rights or duties hereunder.

Section 10.2. Amendments Require the Funding Lender Representative Consent. The Governmental Lender shall not consent to any amendment, change or modification of the Borrower Loan Agreement or any other Funding Loan Document (except the Regulatory Agreement and the Tax Certificate) without the prior Written Consent of the Funding Lender Representative.

Section 10.3. Consents and Opinions. No amendment to this Funding Loan Agreement or any other Funding Loan Document amendment entered into under this Article X or any amendment, supplement, change or modification otherwise permitted under this Article X shall become effective unless and until (i) the Funding Lender Representative shall have approved the same in writing in its sole discretion (which shall not be unreasonably withheld, conditioned or delayed), and (ii) the Funding Lender Representative shall have received, at the expense of the Borrower, (i) a Tax Counsel No Adverse Effect Opinion in respect of such amendment and (ii) an Opinion of Counsel substantially to the effect that any such proposed amendment complies with the provisions of this Funding Loan Agreement and is a valid and binding obligation of the parties thereto, subject to customary exceptions relating to bankruptcy, insolvency and equitable principles limitations.

ARTICLE XI

THE FISCAL AGENT

Section 11.1. Appointment of the Fiscal Agent; Acceptance. The Governmental Lender hereby appoints [Fiscal Agent] as the Fiscal Agent hereunder. The Fiscal Agent shall signify its acceptance of the

duties and obligations imposed upon it by this Funding Loan Agreement by executing this Funding Loan Agreement.

Section 11.2. Certain Duties and Responsibilities of the Fiscal Agent.

The Fiscal Agent undertakes to perform such duties and only such duties as are specifically set forth in this Funding Loan Agreement, and no implied covenants or obligations shall be read into this Funding Loan Agreement against the Fiscal Agent.

(a) If an event of default exists hereunder or under any Funding Loan Document, the Fiscal Agent shall exercise such rights and powers vested in it by this Funding Loan Agreement, solely at the written direction and at the expense of the Funding Lender Representative.

(b) No provision of this Funding Loan Agreement shall be construed to relieve the Fiscal Agent from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, in each case, as finally adjudicated by a court of law, except that:

(i) This subsection shall not be construed to limit the effect of subsection (a) of this Section;

(ii) The Fiscal Agent shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts;

(iii) The Fiscal Agent shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Funding Lender Representative relating to the time, method and place of exercising any trust or power conferred upon the Fiscal Agent under this Funding Loan Agreement; and

(iv) No provision of this Funding Loan Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it in its sole discretion.

Subject to its rights to indemnification pursuant to Section 11.4 hereof, the Fiscal Agent is directed to enter into the Funding Loan Documents to which it is a party and other related documents, solely in its capacity as the Fiscal Agent.

(c) Whether or not herein and therein expressly so provided, every provision of this Funding Loan Agreement and the other Funding Loan Documents relating to the conduct or affecting the liability of or affording protection to the Fiscal Agent shall be subject to the provisions of this Section.

(d) The Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Fiscal Agent and conforming to the requirements of this Funding Loan Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Funding Loan Agreement on their face.

(e) The permissive rights of the Fiscal Agent to do things enumerated in this Funding Loan Agreement shall not be construed as a duty.

(f) The rights of the Fiscal Agent and limitations of liability enumerated herein and in Section 11.4 hereof shall extend to actions taken or omitted in its role as a party to the Borrower Loan Agreement and the other Funding Loan Documents.

Section 11.3. Notice of Defaults. Upon the occurrence of any default hereunder or under any other Funding Loan Document and provided that a Responsible Officer of the Fiscal Agent is aware of or has received Written Notice of the existence of such default, promptly, and in any event within fifteen (15) days, the Fiscal Agent shall transmit to the Governmental Lender, the Borrower, the Servicer, if any, and the Funding Lender Representative, in the manner and at the addresses for notices set forth in Section 12.1 hereof, notice of such default hereunder actually known to the Fiscal Agent pursuant to Section 11.4(g) hereof, unless such default shall have been cured or waived.

Section 11.4. Certain Rights of the Fiscal Agent. Except as otherwise provided in Section 11.1 hereof:

(a) The Fiscal Agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, debenture, coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any request or direction of the Governmental Lender mentioned herein shall be sufficiently evidenced by a certificate or order executed by an Authorized Representative of the Governmental Lender.

(c) Whenever in the administration of this Funding Loan Agreement or any of the other Funding Loan Documents, the Fiscal Agent shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Fiscal Agent (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a Written Certificate of the Governmental Lender, the Funding Lender Representative, the Servicer or the Borrower, as appropriate.

(d) The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Funding Loan Agreement or any other Funding Loan Document at the request or direction of the Funding Lender Representative, pursuant to this Funding Loan Agreement, unless the Funding Lender Representative shall have offered to the Fiscal Agent, in writing, security or indemnity reasonably satisfactory to the Fiscal Agent against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction, except costs, expenses and liabilities which are adjudicated to have resulted from its own negligence or willful misconduct.

(e) The Fiscal Agent shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, debenture, coupon or other paper or document but the Fiscal Agent, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Fiscal Agent shall determine to make such further inquiry or investigation, it shall be entitled to examine the books and records of the Governmental Lender, if any, and of the Borrower, in either case personally or by agent or attorney after reasonable notice and during normal business hours.

(f) The Fiscal Agent may execute any of its powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and pay reasonable compensation thereto and the Fiscal Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder. The Fiscal Agent may act upon the advice of counsel of its choice concerning all matters hereof and the Fiscal Agent shall not be responsible for any loss or damage resulting from any action or inaction taken in good faith reliance upon said advice.

(g) The Fiscal Agent shall not be required to take notice or be deemed to have notice of any default hereunder or under any other Funding Loan Document except for failure by the Borrower to make payments of principal, interest, Prepayment Premium, if any, or the Ongoing Governmental Lender Fee when due, unless a Responsible Officer of the Fiscal Agent shall be specifically notified by a Written Notice of such default by the Governmental Lender, the Servicer or the Funding Lender Representative, and all notices or other instruments required by this Funding Loan Agreement or under any other Funding Loan Document to be delivered to the Fiscal Agent, must, in order to be effective, be delivered in writing to a Responsible Officer of the Fiscal Agent at the office of the Fiscal Agent, and in the absence of such Written Notice so delivered the Fiscal Agent may conclusively assume there is no default as aforesaid.

(h) The Fiscal Agent shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Funding Loan Agreement and delivered using Electronic Means (“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Fiscal Agent, or another method or system specified by the Fiscal Agent as available for use in connection with its services hereunder.); provided, however, that the Funding Lender Representative, the Governmental Lender, the Servicer, if any, and/or the Borrower, as applicable, shall provide to the Fiscal Agent an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Funding Lender Representative, the Governmental Lender, the Servicer and/or the Borrower, as applicable, whenever a person is to be added or deleted from the listing. If the Funding Lender Representative, the Governmental Lender, the Servicer and/or the Borrower, as applicable, elects to give the Fiscal Agent Instructions using Electronic Means and the Fiscal Agent in its discretion elects to act upon such Instructions, the Fiscal Agent’s understanding of such Instructions shall be deemed controlling. The Funding Lender Representative, the Governmental Lender, the Servicer and the Borrower understand and agree that the Fiscal Agent cannot determine the identity of the actual sender of such Instructions and that the Fiscal Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Fiscal Agent have been sent by such Authorized Officer. The Funding Lender Representative, the Governmental Lender, the Servicer and the Borrower shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Fiscal Agent and that the Funding Lender Representative, the Governmental Lender, the Servicer, the Borrower and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Funding Lender Representative, the Governmental Lender, the Servicer and/or the Borrower, as applicable. The Fiscal Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Fiscal Agent’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Funding Lender Representative, the Governmental Lender, the Servicer and the Borrower agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Fiscal Agent, including without limitation the risk of the Fiscal Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Fiscal Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Funding Lender Representative, the Governmental Lender, the Servicer and/or the Borrower, as applicable; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Fiscal Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 11.5. Not Responsible for Recitals. The recitals contained herein and in the Governmental Lender Note shall be taken as the statements of the Governmental Lender, and the Fiscal

Agent assumes no responsibility for their correctness. The Fiscal Agent makes no representations as to the value or condition of the Pledged Revenues, the Security or any part thereof, or as to the title of the Governmental Lender thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Funding Loan Agreement or of the Funding Loan.

The Fiscal Agent shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the funding of the Funding Loan.

The Fiscal Agent shall not be required to monitor the financial condition of the Borrower or the physical condition of the Project. The Fiscal Agent shall be under no obligation to analyze, review or make any credit decisions with respect to any financial statements, reports, notices, certificates or documents received hereunder but shall hold such financial statements reports, notices, certificates and documents solely for the benefit of, and review by, the Funding Lender Representative and such other parties to whom the Fiscal Agent may provide such information pursuant to this Funding Loan Agreement.

Section 11.6. May Hold Funding Loan. The Fiscal Agent in its individual or any other capacity may become the owner or pledgee of the Funding Loan and may otherwise deal with the Governmental Lender, the Funding Lender Representative and the Borrower with the same rights it would have if it were not the Fiscal Agent.

Section 11.7. Moneys Held in Trust. Moneys held by the Fiscal Agent in trust hereunder need not be segregated from other funds except to the extent hereunder directed or as required by law. The Fiscal Agent shall be under no liability for interest on any moneys received by it hereunder except as otherwise provided herein.

Section 11.8. Compensation and Reimbursement. Under the Borrower Loan Agreement, the Borrower has agreed to, except as otherwise expressly provided herein, pay the Fiscal Agent its fees and reimburse the Fiscal Agent as provided in this Funding Loan Agreement or the Borrower Loan Agreement, upon its request for all reasonable expenses, disbursements and advances incurred or made by the Fiscal Agent in accordance with any provision of this Funding Loan Agreement (including the reasonable fees, expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Fiscal Agent's negligence or willful misconduct, both as finally adjudicated by a court of law.

When the Fiscal Agent incurs expenses or renders service in connection with any bankruptcy or insolvency proceeding, such expenses (including the fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any bankruptcy law or law relating to creditors rights generally.

- (a) The Governmental Lender has no obligation to pay the Fiscal Agent for services rendered.
- (b) As security for the performance of the obligations of the Borrower under this Section and for the payment of such compensation, expenses, reimbursements and indemnity, the Fiscal Agent shall have the right to use and apply any moneys held by it as Pledged Revenues.
- (c) The Fiscal Agent's rights to compensation and reimbursement shall survive its resignation or removal, the payment of the Funding Loan or the Borrower Loan or the release of this Funding Loan Agreement.

Section 11.9. The Fiscal Agent Required; Eligibility. Any successor Fiscal Agent shall at all times be a trust company, a state banking corporation or a national banking association with the authority to accept trusts in the State, approved in writing by the Governmental Lender and either (a) have a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition, (b) be a wholly owned subsidiary of a bank holding company, or a wholly owned subsidiary of a company that is a wholly owned subsidiary of a bank holding company, having a combined capital surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition, have at least \$500,000,000 of trust assets under management and have a combined capital surplus of at least \$2,000,000 as set forth in its most recent published annual report of condition, or (c) be otherwise acceptable to the Funding Lender Representative in its sole and absolute discretion.

Section 11.10. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Fiscal Agent hereunder and no appointment of a successor Fiscal Agent pursuant to this Article shall become effective until the written acceptance by the successor Fiscal Agent of such appointment.

(b) The Fiscal Agent may resign at any time by giving sixty (60) days prior Written Notice thereof to the Governmental Lender, the Borrower, the Servicer, if any, and the Funding Lender Representative.

(c) The Fiscal Agent may be removed at any time with thirty (30) days notice (i) by the Governmental Lender, with Written Notice delivered to the Fiscal Agent, the Funding Lender Representative and the Borrower, or (ii) by the Funding Lender Representative, with Written Notice delivered to the Fiscal Agent, the Governmental Lender and the Borrower.

(d) If the Fiscal Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Fiscal Agent for any cause, the Governmental Lender shall promptly appoint a successor Fiscal Agent, with the consent of the Funding Lender Representative. In case all or substantially all of the Pledged Revenues and the Security shall be in the possession of a receiver or Fiscal Agent lawfully appointed, such receiver or trustee may similarly appoint a successor to fill such vacancy until a new Fiscal Agent shall be so appointed by the Governmental Lender. If, within sixty (60) days after such resignation, removal or incapability or the occurrence of such vacancy, an instrument of acceptance by a successor Fiscal Agent shall not have been delivered to the Governmental Lender (with a copy to the Fiscal Agent), then either (i) the Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent; or (ii) a successor Fiscal Agent shall be appointed by the Funding Lender Representative (from any of the institutions approved by the Governmental Lender to serve as a fiscal agent or trustee) with Written Notice thereof delivered to the Governmental Lender, the Borrower, the Servicer, if any, and the retiring Fiscal Agent, and the successor Fiscal Agent so appointed shall, forthwith upon its acceptance of such appointment, become the successor Fiscal Agent and supersede the successor Fiscal Agent appointed by such receiver or the Fiscal Agent.

(e) The retiring Fiscal Agent shall cause Written Notice of each resignation and each removal of the Fiscal Agent and each appointment of a successor Fiscal Agent to be provided to the Funding Lender Representative (unless the Funding Lender Representative removes the Fiscal Agent). Each notice shall include the name of the successor Fiscal Agent and the address of the office of the successor Fiscal Agent.

(f) The Fiscal Agent agrees to cooperate promptly with the Governmental Lender, the Funding Lender Representative, and any successor Fiscal Agent to execute any documents, instruments or assignments necessary or desirable to effect the appointment of such successor Fiscal Agent hereunder.

Section 11.11. Acceptance of Appointment by Successor.

(a) Every successor Fiscal Agent appointed hereunder shall execute, acknowledge and deliver to the Governmental Lender and to the retiring Fiscal Agent an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Fiscal Agent shall become effective and the successor Fiscal Agent, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Fiscal Agent; notwithstanding the foregoing, on request of the Governmental Lender, the Funding Lender Representative or the successor Fiscal Agent, the retiring Fiscal Agent shall execute and deliver any instruments conveying and transferring to the successor Fiscal Agent all the estates, properties, rights, powers and trusts of the retiring Fiscal Agent, and shall duly assign, transfer and deliver to the successor Fiscal Agent all property and money held by the retiring Fiscal Agent hereunder. Any fees or expenses of the retiring Fiscal Agent in connection therewith shall be the responsibility of the Borrower. Upon request of any successor Fiscal Agent, the Governmental Lender may execute any and all instruments necessary or desirable to confirm to the successor Fiscal Agent all such estates, properties, rights, powers and trusts. Any fees or expenses of the Governmental Lender incurred in connection therewith shall be the responsibility of the Borrower.

(b) No successor Fiscal Agent shall accept its appointment unless at the time of such acceptance the successor Fiscal Agent shall be qualified and eligible under this Article, to the extent operative.

Section 11.12. Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Fiscal Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Fiscal Agent shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Fiscal Agent, shall be the successor of the Fiscal Agent hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. Notwithstanding the foregoing, any successor Fiscal Agent shall cause Written Notice of such succession to be delivered to the Governmental Lender and the Funding Lender Representative within thirty (30) days of such succession.

Section 11.13. Appointment of Co-Fiscal Agent. It is recognized that in case of litigation under this Funding Loan Agreement, the Borrower Loan Agreement, any other Funding Loan Document, and in particular in case of the enforcement of any of them on default, or in case the Fiscal Agent deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Fiscal Agent or hold title to the properties, in trust, as herein provided, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Fiscal Agent appoint an additional individual or institution as a separate or co-fiscal agent. The following provisions of this Section are adopted to these ends.

The Fiscal Agent is hereby authorized to appoint an additional individual or institution as a separate or co-fiscal agent hereunder, upon Written Notice to the Governmental Lender, the Funding Lender Representative and the Borrower, and with the Written Consent of the Governmental Lender and the Funding Lender Representative, but without the necessity of further authorization or consent, in which event each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Funding Loan Agreement or any Funding Loan Document to be exercised by or vested in or conveyed to the Fiscal Agent with respect thereto shall be exercisable by and vest in such separate or co-fiscal agent but only to the extent necessary to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-fiscal agent shall run to and be enforceable by either of them.

Should any instrument in writing from the Governmental Lender be required by the separate fiscal agent or co-fiscal agent appointed by the Fiscal Agent for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request of the Fiscal Agent, be executed, acknowledged and delivered by the Governmental Lender. In case any separate fiscal agent or co-fiscal agent, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate fiscal agent or co-fiscal agent, so far as permitted by law, shall vest in and be exercised by the Fiscal Agent until the appointment of a successor to such separate fiscal agent or co-fiscal agent.

Section 11.14. Loan Servicing. The Governmental Lender and the Fiscal Agent acknowledge that the Funding Lender Representative shall have the right to appoint the Servicer to service and administer the Funding Loan and the Borrower Loan as set forth in a Servicing Agreement. The Governmental Lender and the Fiscal Agent shall not be responsible for monitoring the performance of the Servicer or for any acts or omissions of the Servicer. The Funding Lender Representative may, in its sole discretion, terminate or replace the Servicer.

Section 11.15. No Recourse Against Officers or Employees of Fiscal Agent. No recourse with respect to any claim related to any obligation, duty or agreement contained in this Funding Loan Agreement or any other Funding Loan Document shall be had against any officer or employee, as such, of the Fiscal Agent, it being expressly understood that the obligations, duties and agreements of the Fiscal Agent contained in this Funding Loan Agreement and the other Funding Loan Documents are solely corporate in nature.

Section 11.16. City Contracting Provisions. The Funding Lender Representative and the Fiscal Agent each covenant and agree to comply with the provisions set forth in **Exhibit F** to this Funding Loan Agreement, to the extent applicable to the Funding Lender Representative as maker of the Funding Loan or the Fiscal Agent as fiscal agent for the Funding Loan (each, a “Contractor” for purposes of **Exhibit F**), which is incorporated in and made a part of this Funding Loan Agreement by this reference.

ARTICLE XII

MISCELLANEOUS

Section 12.1. Notice. All notices, demands, requests and other communications required or permitted to be given by any provision of this Funding Loan Agreement shall be in writing and sent by first class, regular, registered or certified mail, commercial delivery service, overnight courier, telegraph, telex, telecopier or facsimile transmission, air or other courier, or hand delivery to the party to be notified addressed as follows:

If to the Governmental Lender: City and County of San Francisco
Mayor’s Office of Housing and Community
Development (MOHCD)
One South Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attention: [_____]]
Telephone: [_____]]
Facsimile: [_____]]

If to the Fiscal Agent: [Fiscal Agent]

If to the Borrower: Ambassador Ritz Four Percent, L.P.,

a California limited partnership
c/o [_____]

with a copy to: [_____]

and with a copy to: [_____]

and a copy to Equity Investor: U.S. Bancorp Community Development Corporation
1307 Washington Avenue, Suite 300
Mail Code: SL MO RMCD
St. Louis, Missouri 63103
USB Project No: 26706
Attention: Director of LIHTC Asset Management
Facsimile: (314) 335-2601

and with a copy to: Kutak Rock LLP
1650 Farnam Street
Omaha, Nebraska 68102-2103
Attention: Jill H. Goldstein, Esq.
Facsimile: (402) 346-1148

If to the Funding Lender Representative: U.S. Bank National Association
[_____]
Attention: [_____]

Any such notice, demand, request or communication shall be deemed to have been given and received for all purposes under this Funding Loan Agreement: (i) three (3) Business Days after the same is deposited in any official depository or receptacle of the United States Postal Service first class, or, if applicable, certified mail, return receipt requested, postage prepaid; (ii) on the date of transmission when delivered by telecopier or facsimile transmission, telex, telegraph or other telecommunication device, provided any telecopy or other electronic transmission received by any party after 4:00 p.m., local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day; (iii) on the next Business Day after the same is deposited with a nationally recognized overnight delivery service that guarantees overnight delivery; and (iv) on the date of actual delivery to such party by any other means; provided, however, if the day such notice, demand, request or communication shall be deemed to have been given and received as aforesaid is not a Business Day, such notice, demand, request or communication shall be deemed to have been given and received on the next Business Day. Any facsimile signature by a Person on a document, notice, demand, request or communication required or permitted by this Funding Loan Agreement shall constitute a legal, valid and binding execution thereof by such Person.

Any party to this Funding Loan Agreement may change such party's address for the purpose of notice, demands, requests and communications required or permitted under this Funding Loan Agreement by providing Written Notice of such change of address to all of the parties by Written Notice as provided herein.

A copy of each notice sent to the Borrower hereunder shall also be sent to the Equity Investor at the address set forth above, but such copies shall not constitute notice to the Borrower, nor shall any failure to send such copies or any defect therein constitute a breach of this Funding Loan Agreement or a failure of or defect in notice to the Borrower.

Section 12.2. Term of Funding Loan Agreement. This Funding Loan Agreement shall be in full force and effect until all payment obligations of the Governmental Lender hereunder have been paid in full and the Funding Loan has been retired or the payment thereof has been provided for; except that on and after payment in full of the Governmental Lender Note, this Funding Loan Agreement shall be terminated, without further action by the parties hereto.

Section 12.3. Successors and Assigns. All covenants and agreements in this Funding Loan Agreement by the Governmental Lender shall bind its successors and assigns, whether so expressed or not.

Section 12.4. Legal Holidays. In any case in which the date of payment of any amount due hereunder or the date on which any other act is to be performed pursuant to this Funding Loan Agreement shall be a day that is not a Business Day, then payment of such amount or such act need not be made on such date but may be made on the next succeeding Business Day, and such later payment or such act shall have the same force and effect as if made on the date of payment or the date fixed for prepayment or the date fixed for such act, and no additional interest shall accrue for the period after such date and prior to the date of payment.

Section 12.5. Governing Law. This Funding Loan Agreement shall be governed by and shall be enforceable in accordance with the laws of the State.

Section 12.6. Severability. If any provision of this Funding Loan Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired. In case any covenant, stipulation, obligation or agreement contained in the Governmental Lender Note or in this Funding Loan Agreement shall for any reason be held to be usurious or in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Governmental Lender or the Funding Lender Representative only to the full extent permitted by law.

Section 12.7. Execution in Several Counterparts. This Funding Loan Agreement may be contemporaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 12.8. Nonrecourse Obligation of the Borrower. Except as otherwise provided in the Borrower Loan Agreement, any obligations of the Borrower under this Funding Loan Agreement are without recourse to the Borrower or to the Borrower's partners or members, as the case may be.

Section 12.9. Electronic Transactions. The transactions described in this Funding Loan Agreement may be conducted, and related documents may be stored, by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12.10. Reference Date. This Funding Loan Agreement is dated for reference purposes only as of the 1st day of August 2021.

[Signature page follows]

IN WITNESS WHEREOF, the Funding Lender Representative, the Fiscal Agent and the Governmental Lender have caused this Funding Loan Agreement to be duly executed as of the date first written above.

U.S. BANK NATIONAL ASSOCIATION,
as Funding Lender Representative

By: _____

Name:

Title:

[Signatures continue on the next page]

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: _____
Deputy City Attorney

[Signatures continue on the next page]

[Fiscal Agent]

By: _____

Name:

Title:

EXHIBIT A

FORM OF THE GOVERNMENTAL LENDER NOTE

THIS NOTE MAY BE OWNED ONLY BY AN APPROVED TRANSFEREE IN ACCORDANCE WITH THE TERMS OF THE FUNDING LOAN AGREEMENT, AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS NOTE (A) REPRESENTS THAT IT IS AN APPROVED TRANSFEREE (AS DEFINED IN THE FUNDING LOAN AGREEMENT) AND (B) ACKNOWLEDGES THAT IT CAN ONLY TRANSFER THIS GOVERNMENTAL LENDER NOTE TO ANOTHER APPROVED TRANSFEREE IN ACCORDANCE WITH THE TERMS OF THE FUNDING LOAN AGREEMENT.

**CITY AND COUNTY OF SAN FRANCISCO
MULTIFAMILY HOUSING REVENUE NOTE
(AMBASSADOR RITZ 4%)
SERIES 2021D**

DATED [Closing Date]

[\$[2021D PAR]

FOR VALUE RECEIVED, the undersigned CITY AND COUNTY OF SAN FRANCISCO (“Obligor”) promises to pay to the order of U.S. BANK NATIONAL ASSOCIATION (“Holder”) the maximum principal sum of [_____] DOLLARS (\$[2021D PAR]), on [FINAL MATURITY], or earlier as provided herein, together with interest thereon at the rates, at the times and in the amounts provided below.

Obligor shall pay to the Holder on or before each date on which payment is due under that certain Funding Loan Agreement, dated as of August 1, 2021 (the “Funding Loan Agreement”), among Obligor, [Fiscal Agent], as Fiscal Agent (the “Fiscal Agent”), and Holder, an amount in immediately available funds sufficient to pay the principal amount of and Prepayment Premium, if any, on this Governmental Lender Note then due and payable, whether by maturity, acceleration, prepayment or otherwise. In the event that amounts held derived from proceeds of the Borrower Loan, condemnation awards or insurance proceeds or investment earnings thereon are applied to the payment of principal due on this Governmental Lender Note in accordance with the Funding Loan Agreement, the principal amount due hereunder shall be reduced to the extent of the principal amount of the Funding Loan so paid. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Funding Loan Agreement.

Obligor shall pay to the Holder on or before each date on which interest on the Funding Loan is payable, interest on the unpaid balance hereof in an amount in immediately available funds sufficient to pay the interest on this Governmental Lender Note then due and payable in the amounts and at the rate or rates set forth in the Funding Loan Agreement.

The Funding Loan and this Governmental Lender Note are pass-through obligations relating to a construction loan (the “Borrower Loan”) made by Obligor from proceeds of the Funding Loan to Ambassador Ritz Four Percent, L.P., a California limited partnership, as borrower (the “Borrower”), under that certain Borrower Loan Agreement, dated as of August 1, 2021 (as the same may be modified, amended or supplemented from time to time, the “Borrower Loan Agreement”), among the Obligor, the Fiscal Agent and the Borrower, evidenced by the Borrower Note (as defined in the Borrower Loan Agreement). Reference is made to the Borrower Loan Agreement and to the Borrower Note for complete payment and

prepayment terms of the Borrower Note, payments on which are passed-through under the Governmental Lender Note.

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

This Governmental Lender Note is a limited obligation of the Obligor, payable solely from the Pledged Revenues and other funds and moneys and the Security pledged and assigned under the Funding Loan Agreement. None of the State, or any political subdivision thereof (except the Governmental Lender, to the limited extent set forth herein) nor any public agency shall in any event be liable for the payment of the principal of, Prepayment Premium (if any) or interest on this Governmental Lender Note or the Funding Loan or for the performance of any pledge, obligation or agreement of any kind whatsoever with respect thereto except as set forth herein and in the Funding Loan Agreement, and none of the Funding Loan or this Governmental Lender Note or any of the Governmental Lender’s agreements or obligations with respect to the Funding Loan or this Governmental Lender Note shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever. The execution and delivery of this Governmental Lender Note shall not directly or indirectly or contingently obligate the Obligor or the State of California or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

This Governmental Lender Note is subject to the express condition that at no time shall interest be payable on this Governmental Lender Note or the Funding Loan at a rate in excess of the Maximum Rate provided in the Funding Loan Agreement; and Obligor shall not be obligated or required to pay, nor shall the Holder be permitted to charge or collect, interest at a rate in excess of such Maximum Rate. If by the terms of this Governmental Lender Note or of the Funding Loan Agreement, Obligor is required to pay interest at a rate in excess of such Maximum Rate, the rate of interest hereunder or thereunder shall be deemed to be reduced immediately and automatically to such Maximum Rate, and any such excess payment previously made shall be immediately and automatically applied to the unpaid balance of the principal sum hereof and not to the payment of interest.

Amounts payable hereunder representing late payments, penalty payments or the like shall be payable to the extent allowed by law.

This Governmental Lender Note is subject to all of the terms, conditions, and provisions of the Funding Loan Agreement, including those respecting prepayment and the acceleration of maturity.

If there is an Event of Default under the Funding Loan Documents, then in any such event and subject to the requirements set forth in the Funding Loan Agreement, the Holder may declare the entire unpaid principal balance of this Governmental Lender Note and accrued interest, if any, due and payable at once. All of the covenants, conditions and agreements contained in the Funding Loan Documents are hereby made part of this Governmental Lender Note.

No delay or omission on the part of the Holder in exercising any remedy, right or option under this Governmental Lender Note or the Funding Loan Documents shall operate as a waiver of such remedy, right or option. In any event a waiver on any one occasion shall not be construed as a waiver or bar to any such

remedy, right or option on a future occasion. The rights, remedies and options of the Holder under this Governmental Lender Note and the Funding Loan Documents are and shall be cumulative and are in addition to all of the rights, remedies and options of the Holder at law or in equity or under any other agreement.

Obligor shall pay all costs of collection on demand by the Holder, including without limitation, reasonable attorneys' fees and disbursements, which costs may be added to the indebtedness hereunder, together with interest thereon, to the extent allowed by law, as set forth in the Funding Loan Agreement.

This Governmental Lender Note may not be changed orally. Presentment for payment, notice of dishonor, protest and notice of protest are hereby waived. The acceptance by the Holder of any amount after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due hereunder. The acceptance by the Holder of any sum in an amount less than the amount then due shall be deemed an acceptance on account only and upon condition that such acceptance shall not constitute a waiver of the obligation of Obligor to pay the entire sum then due, and Obligor's failure to pay such amount then due shall be and continue to be a default notwithstanding such acceptance of such amount on account, as aforesaid. Consent by the Holder to any action of Obligor which is subject to consent or approval of the Holder hereunder shall not be deemed a waiver of the right to require such consent or approval to future or successive actions.

[Signature Page Follows]

IN WITNESS WHEREOF, the Obligor has caused this City and County of San Francisco Multifamily Housing Revenue Note (Ambassador Ritz 4%) Series 2021D to be duly executed by the manual signature of its Authorized Officer as of the date first set forth above.

OBLIGOR:

CITY AND COUNTY OF SAN FRANCISCO

By: _____
London N. Breed
Mayor

CERTIFICATE OF AUTHENTICATION

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

Date of Authentication: _____

[Fiscal Agent], as Fiscal Agent

By: _____
Authorized Signatory

EXHIBIT B-1

FORM OF REQUIRED TRANSFEREE REPRESENTATIONS LETTER (FUNDING LOAN)

[Closing Date]

City and County of San Francisco
San Francisco, California

The undersigned, as holder (the “Holder”) of a loan (the “Funding Loan”) in the maximum amount of \$[2021D PAR] from U.S. BANK NATIONAL ASSOCIATION (the “Funding Lender Representative”) to CITY AND COUNTY OF SAN FRANCISCO (the “Governmental Lender”) pursuant to a Funding Loan Agreement dated as of August 1, 2021 (the “Funding Loan Agreement”) among the Funding Lender Representative, [Fiscal Agent], as Fiscal Agent and the Governmental Lender (the “Funding Loan”) evidenced by the City and County of San Francisco Multifamily Housing Revenue Note (Ambassador Ritz 4%) Series 2021D (the “Governmental Lender Note”), or an interest therein, hereby represents that:

1. The Holder has sufficient knowledge and experience in financial and business matters with respect to the evaluation of residential real estate developments such as the Project to be able to evaluate the risk and merits of the investment represented by the Funding Loan. The Holder is able to bear the economic risks of such investment.

2. The Holder acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and the Holder has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Governmental Lender, the Project, the use of proceeds of the Funding Loan, and the Funding Loan and the security therefor so that, as a reasonable investor, the Holder has been able to make its decision to [extend/purchase] the Funding Loan [or an interest therein]. The Holder acknowledges that it has not relied upon the Governmental Lender for any information in connection with the Holder’s purchase of the Funding Loan [or an interest therein].

3. The Holder is an Approved Transferee

4. The Holder acknowledges that it is purchasing [an interest in] the Funding Loan for investment for its own account and not with a present view toward resale or the distribution thereof, in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the Funding Loan; provided, however, that the Holder may sell or transfer the Governmental Lender Note and the Funding Loan as provided in Section 2.4 of the Funding Loan Agreement.

5. In the event any placement memorandum that is prepared and provided to any subsequent buyer or beneficial owner of such portion of the Funding Loan will disclose information with respect to the Governmental Lender other than its name, location and type of political subdivision and general information with respect to the Funding Loan and the Borrower Loan and related documents, the Holder will provide the Governmental Lender with a draft of such placement memorandum and the Governmental Lender shall have the right to approve any description of the Governmental Lender therein (which approval shall not be unreasonably withheld).

6. The Holder understands that the Governmental Lender Note is not registered under the Securities Act of 1933, as amended, and that such registration is not legally required as of the date hereof;

and further understands that the Governmental Lender Note (a) is not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating service and (d) will be delivered in a form which may not be readily marketable.

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

8. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Funding Loan Agreement.

9. [FOR PURCHASE OF THE FUNDING LOAN: The Holder hereby agrees to become the “Funding Lender Representative” under the Funding Loan Documents and assumes all of the obligations and agrees to perform all of the duties of the Funding Lender Representative thereunder.]

[Remainder of page intentionally left blank.]

[Signature Page to Required Transferee Representations Letter]

[_____], as Holder

By _____
Name _____
Its _____

EXHIBIT B-2

FORM OF REQUIRED TRANSFEREE REPRESENTATIONS LETTER (BORROWER LOAN)

[DATE]

City and County of San Francisco
San Francisco, California

[Fiscal Agent]
[City, State]

Pursuant to that certain Funding Loan Agreement dated as of August 1, 2021 (the “Funding Loan Agreement”) among U.S. Bank National Association, as Funding Lender Representative (the “Funding Lender Representative”), [Fiscal Agent] as Fiscal Agent (the “Fiscal Agent”), and the City and County of San Francisco, as Governmental Lender (the “Governmental Lender”), evidenced by the City and County of San Francisco Multifamily Housing Revenue Note (Ambassador Ritz 4%) Series 2021D (the “Governmental Lender Note”), the Funding Lender Representative has made a loan in the principal amount of [_____] Dollars (\$[2021D PAR]) (the “Funding Loan”) to the Governmental Lender. Pursuant to that certain Borrower Loan Agreement (the “Borrower Loan Agreement”) dated as of August 1, 2021, and executed by and among Ambassador Ritz Four Percent, L.P., a California limited partnership (the “Borrower”), the Governmental Lender, and the Fiscal Agent, the Governmental Lender has made a loan in the principal amount of [_____] Dollars (\$[2021D PAR]) (the “Borrower Loan”) to the Borrower of the proceeds of the Funding Loan. The Borrower Loan is evidenced by the Borrower Note (as defined below) executed by Borrower in favor of the Governmental Lender in the aggregate principal amount of the Borrower Loan, and is further evidenced by the documents described in the Borrower Loan Agreement as the “Loan Documents.” The Borrower Note is secured by, among other things, the Deed of Trust (as defined below), encumbering the Borrower’s interest in the Property. Pursuant to the Assignment of Deed of Trust (as defined below), the rights of the Governmental Lender in and to the Borrower Loan Agreement, the Borrower Note and the Deed of Trust (except for the Unassigned Rights) have been assigned by the Governmental Lender to the Fiscal Agent. Capitalized terms used but not defined in this Required Transferee Representations Letter shall have the meanings given in the Funding Loan Agreement.

In connection with the purchase of the Borrower Loan by the Transferee, the Transferee makes the following representations upon which you may rely:

1. The Transferee has all requisite authority to purchase the Borrower Loan and to execute this letter and any other instruments and documents required to be executed by the Transferee in connection with the purchase of the Borrower Loan.
2. The Transferee is an Approved Transferee.
3. The Borrower Loan is being acquired by the Transferee for investment and not with a view to, or for resale in connection with, any distribution of the Borrower Loan, and the Transferee intends to hold the Borrower Loan for its own account and for an indefinite period of time. The Transferee understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.
4. The Transferee understands that the Borrower Loan (a) is not registered under the Securities Act of 1933 nor is it being registered or otherwise qualified for sale under the “Blue Sky” laws

and regulations of any state and that any exemption from federal or state securities registration requirements for which the Funding Loan was eligible may not extend to the Borrower Loan or the Borrower Note; (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating service and (d) will be delivered in a form which is not be readily marketable. The Transferee acknowledges and agrees that the Governmental Lender is not the issuer of the Borrower Loan, and that the Transferee is solely responsible for compliance with applicable securities laws relative to its purchase of the Borrower Loan and any subsequent transfer of the Borrower Loan pursuant to the terms of the Borrower Loan Agreement and the Borrower Note.

5. The Transferee understands that (a) the Borrower Loan is not secured by any pledge of any moneys received or to be received from taxation by the Governmental Lender, the State of California or any political subdivision thereof, (b) the Borrower Loan does not and will not represent or constitute any debt, obligation or pledge of the faith and credit of the Governmental Lender, the State of California or any political subdivision thereof; and (c) the Governmental Lender has no liability with respect to the Borrower Loan, which is solely an obligation and liability of the Borrower. The Transferee acknowledges and agrees that interest on the Borrower Loan or the Borrower Note is not exempt from federal or state income taxes and that any opinions issued with respect to the Funding Loan relative to the status of interest on the Funding Loan do not extend to the status of interest on the Borrower Loan or the Borrower Note, about which Note Counsel has expressed no opinion.

6. The Transferee has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and the Transferee has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Borrower, the Project and the Borrower Loan. The Transferee has not relied upon the Governmental Lender for any information in connection with its purchase of the Borrower Loan.

7. The Transferee acknowledges that neither the Governmental Lender nor the Borrower has prepared an offering document with respect to the Borrower Loan.

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

9. The Transferee acknowledges and agrees that, as provided in the Borrower Loan Agreement, it may sell, assign or transfer the Borrower Loan only to a single investor that, the Borrower Loan may only be transferred in its entirety, and that none of the Loan Documents may be transferred independently of any other Loan Document.

10. The Transferee agrees to indemnify and hold harmless the Governmental Lender with respect to any claim asserted against the Governmental Lender that is based upon the sale, transfer or disposition of the Borrower Loan by the Transferee other than as permitted herein pursuant to the Borrower Loan Agreement.

11. Subject to the exceptions set forth in the Funding Loan Agreement, the Transferee acknowledges that the owner thereof has the right to sell and transfer the Governmental Lender Note, in accordance with the terms of the Funding Loan Agreement, subject to the delivery to the Fiscal Agent of an letter from the transferee in substantially the form attached to the Funding Loan Agreement as Exhibit B-1, with no revisions except as may be approved in writing by the Governmental Lender. The Transferee

acknowledges that any sale or transfer of its participation interest in the Bonds is subject to its participation agreements with the owner of the Funding Loan, and that any such sale or transfer would also require the deliver of a letter as described in the preceding sentence.

12. The Transferee acknowledges that neither its purchase of a participation interest in the Funding Loan nor this Transferee Letter create any privity or contractual relationship between or among the Governmental Lender, the Fiscal Agent and the Transferee, or between or among any of them. The Transferee acknowledges that its recourse for any default under its participation interest must be made against the registered owner of the Funding Loan, and not against the Governmental Lender, the Fiscal Agent, the Borrower or the Project.

13. The Transferee acknowledges that, pursuant to the Funding Loan Agreement, the Governmental Lender, the Fiscal Agent and any other Person may treat the registered owner of any Note as the absolute owner thereof, whether such Note shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or redemption price of and interest on such Note and for all other purposes whatsoever, and payment of the principal or redemption price, if any, of and interest on any such Note shall be made only to, or upon the order of, such registered owner. All such payments to such registered owner shall be valid and effectual to satisfy and discharge the liability of the Governmental Lender upon such Note to the extent of the sum or sums so paid, and neither the Governmental Lender nor any Fiscal Agent shall be affected by any notice to the contrary.

Very truly yours,

[_____]

By _____

Name _____

Title _____

EXHIBIT C

**FORM OF WRITTEN REQUISITION
(Project Fund)**

Draw # _____

[Fiscal Agent]
[City, State]

Re: City and County of San Francisco Multifamily Housing Revenue Note (Ambassador Ritz 4%) Series 2021D

This requisition (“Requisition”) is being delivered to you in accordance with the Funding Loan Agreement dated as of August 1, 2021 (the “Funding Loan Agreement”) among U.S. Bank National Association (the “Funding Lender Representative”), the City and County of San Francisco (the “Governmental Lender”) and [Fiscal Agent], as Fiscal Agent (the “Fiscal Agent”) pursuant to which the above-referenced note (the “Governmental Lender Note”) was executed and delivered. Capitalized terms not defined herein shall have the meanings assigned thereto in the Funding Loan Agreement.

1. You are requested to disburse funds in the amount of [\$_____] from the Note Proceeds Account and [\$_____] from the Borrower Equity Account of the Project Fund as Draw [#_____] pursuant to Section 7.7 of the Funding Loan Agreement in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference.

2. The undersigned certifies that:

(i) there has been received no notice (a) of any lien, right to lien or attachment upon, or claim affecting the right of the payee to receive payment of, any of the moneys payable under this Requisition to any of the persons, firms or corporations named therein, and (b) that any materials, supplies or equipment covered by this Requisition are subject to any lien or security interest, or if any notice of any such lien, attachment, claim or security interest has been received, such lien, attachment, claim or security interest has been released, discharged, insured or bonded over or will be released, discharged, insured or bonded over upon payment of this Requisition;

(ii) this Requisition contains no items representing payment on account of any percentage entitled to be retained at the date of the certificate;

(iii) the obligation stated on this Requisition has been incurred in or about the acquisition, construction, rehabilitation, development or equipping of the Project, each item is a proper charge against the Project Fund, and the obligation has not been the basis for a prior requisition that has been paid;

(iv) the amounts included in this Requisition to be funded from the Note Proceeds Account of the Project Fund contains no items representing any Costs of Funding or any other amount constituting an issuance cost under Section 147(g) of the Code;

(v) payment of the costs included in this Requisition will not violate any representation, warranty or covenant of the Borrower in the Borrower Loan Agreement, the Regulatory Agreement or the Tax Certificate;

(vi) not less than ninety five percent (95%) of the sum of: (a) the amounts included in this Requisition to be funded from the Note Proceeds Account of the Project Fund plus (b) all amounts previously disbursed from the Note Proceeds Account of the Project Fund have been or will be applied by the Borrower to pay Qualified Project Costs;

(vii) the Borrower acknowledges that fees, charges or profits (including, without limitation, developer fees) payable to the Borrower or a “related person” (within the meaning of Section 144(a)(3) of the Code) are not deemed to be Qualified Project Costs; and

(viii) as of the date hereof, no event or condition has happened or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an Event of Default under the Funding Loan Agreement or under the Borrower Loan Agreement.

Dated: [Date]

BORROWER:

Ambassador Ritz Four Percent, L.P.,
a California limited partnership

By: Ambassador Ritz Four Percent GP LLC,
a California limited liability company, its
general partner

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

By: _____
Donald S. Falk, Chief Executive Officer

Approved by the Funding Lender Representative:

U.S. BANK NATIONAL ASSOCIATION

By: _____

Title: _____

Date: _____

EXHIBIT D
CLOSING COSTS REQUISITION

[Fiscal Agent]
[FISCAL AGENT ADDRESS]

Re: City and County of San Francisco Multifamily Housing Revenue Note
(Ambassador Ritz 4%) Series 2021D

The undersigned, an authorized representative of Ambassador Ritz Four Percent, L.P., a California limited partnership (the “Borrower”), hereby certifies to you that he/she is authorized and empowered to submit this requisition to you and that attached hereto as Schedule “A” is a schedule of issuance costs incurred in connection with the closing of the funding loan evidenced by the above described Multifamily Housing Revenue Note (the “Governmental Lender Note”), including the names and addresses of the payees and the specific amounts payable to each such payee, and that to the best of the undersigned’s information and belief, such amounts are true and correct.

This requisition is being delivered to you in accordance with the Funding Loan Agreement dated as of August 1, 2021 (the “Funding Loan Agreement”) among U.S. Bank National Association (the “Funding Lender Representative”), the City and County of San Francisco (the “Governmental Lender”) and [Fiscal Agent], as Fiscal Agent (the “Fiscal Agent”) pursuant to which the Governmental Lender Note was issued and delivered. You are hereby instructed to withdraw from the Closing Costs Fund created under the Funding Loan Agreement the amounts shown across from each payee listed on Schedule “A” hereto and pay such amounts to each such payee by wire transfer or by such other means as is acceptable to you and any such payee.

Dated: [Date]

Very truly yours,

[Signature Page follows]

Ambassador Ritz Four Percent, L.P.,
a California limited partnership

By: Ambassador Ritz Four Percent GP LLC,
a California limited liability company, its
general partner

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

By: _____
Donald S. Falk, Chief Executive Officer

Approved by the Funding Lender Representative:

U.S. BANK NATIONAL ASSOCIATION

By: _____
Title: _____
Date: _____

SCHEDULE "A"

Note: \$[2021D PAR] City and County of San Francisco Multifamily Revenue
Note (Ambassador Ritz 4%) Series 2021D

Payee:

Amount:

Method of Payment:

Description of Expense:

EXHIBIT E

INITIAL DEPOSITS AT CLOSING

Source	Note Proceeds Account	Capitalized Interest Account	Borrower Equity Account	Closing Costs Fund	Expense Account	Total
Note Proceeds	[MINIMUM \$55,000]					
Equity						
Total						

EXHIBIT F

CITY AND COUNTY OF SAN FRANCISCO MANDATORY CONTRACTING PROVISIONS

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

1. Nondiscrimination; Penalties.

(a) *Nondiscrimination in Contracts.* Contractor shall comply with the provisions of Chapters 12B and 12C of the San Francisco Administrative Code. Contractor 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. Contractor 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.* Contractor does not as of the date of this Funding Loan Agreement, and will not during the term of this Funding Loan Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for 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.

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

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

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

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

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

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

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

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

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

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

In the performance of services provided under this Funding Loan Agreement, Contractor 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 Contractor, such information must be held by Contractor in confidence and used only in performing this Funding Loan Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary or confidential information.

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

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

13. Reserved

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

15. Conflict of Interest. By entering into this Funding Loan Agreement, Contractor 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 Funding Loan Agreement.

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

17. Distribution of Beverages and Water. Contractor 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 Funding Loan Agreement. Contractor agrees that it shall not sell, provide or otherwise distribute Packaged Water, as defined by San Francisco Environment Code Chapter 24, as part of its performance of this Funding Loan Agreement.

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

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

20. First Source Hiring Program. Contractor 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 Funding Loan Agreement, and Contractor is subject to the enforcement and penalty provisions in Chapter 83.

21. Prevailing Wages. Services to be performed by Contractor under this Funding Loan Agreement may involve the performance of trade work covered by the provisions of Section 6.22(e) or Section 21C of the Administrative Code (collectively, "Covered Services"). The provisions of Section 6.22(e) and Section 21C of the Administrative Code are incorporated as provisions of this Funding Loan Agreement as if fully set forth herein and will apply to any Covered Services performed by Contractor.

EXHIBIT G

FORM OF ASSUMPTION AND RELEASE CERTIFICATE

ASSUMPTION CERTIFICATE AND RELEASE CERTIFICATE

THIS ASSUMPTION AND RELEASE CERTIFICATE (this “Assumption and Release Certificate”) is made and entered into and dated as of [Dated Date], by and between U.S. Bank National Association, a national banking association, in its capacity as Funding Lender Representative (the “Funding Lender Representative”) and [ADDITIONAL FUNDING LENDER NAME], a [ENTITY TYPE], in its capacity as Additional Funding Lender (the “Additional Funding Lender”) as defined in that certain Funding Loan Agreement, dated as of [August 1, 2021] (the “Funding Loan Agreement”), by and among the Funding Lender Representative, the City and County of San Francisco, a municipal corporation, duly organized and existing under the laws of the State of California, as governmental lender (the “Governmental Lender) and [FISCAL AGENT], a national banking association, organized and operating under the laws of the United States of America, as fiscal agent (the “Fiscal Agent”), relating to the Project. Capitalized terms used and not otherwise defined herein shall have the meaning given such term in the Funding Loan Agreement.

RECITALS

A. Pursuant to and in accordance with Section 2.5 of the Funding Loan Agreement, a portion of the Funding Loan may be purchased by and transferred to the Additional Funding Lender.

B. In connection with such purchase, sale and transfer, the initial Governmental Note may be exchanged for an Additional Construction Phase Note representing the portion of the Funding Loan purchased by and transferred to the Additional Funding Lender, together with an exchanged Government Note representing the balance of the Funding Loan thereafter owned by the Funding Lender Representative.

C. In connection with such purchase, transfer and exchange and this Assumption and Release Certificate, (i) the Funding Lender Representative and the Additional Funding Lender will make certain representations, warranties and covenants hereunder, (ii) the Additional Funding Lender will assume the duties and obligations of the Funding Lender Representative under the Funding Loan Agreement and the [Funding Loan Documents] from and after the date of such purchase, sale and transfer (the “Purchase Date”) with respect to the portion of the Funding Loan purchased by the Additional Funding Lender and release the Funding Lender Representative from the duties and obligations of the Additional Funding Lender under the Funding Loan Agreement and the Funding Loan Documents hereby assumed, and (iii) a Co-Lender Agreement, dated the date hereof, by and among the Funding Lender Representative, the Funding Lender Representative and the Additional Funding Lender, as acknowledge and agreed to by the Borrower (the “Co-Lender Agreement”) will be executed and delivered.

NOW, THEREFORE, in consideration of the premises hereof and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Representations, Warranties and Covenants of the Additional Funding Lender. The Additional Funding Lender makes the following representations and warranties for the benefit of the Borrower, the Fiscal Agent, Governmental Lender and the Servicer.

- (a) the Additional Funding Lender is unrelated to the Investor Limited Partner; and
- (b) the Additional Funding Lender is a “Qualified Institutional Buyer” as such term is defined in the Funding Loan Agreement and has delivered to the Fiscal Agent and the Governmental Lender an executed Required Transferee Representations Letter dated the Purchase Date.

Section 2. Representations, Warranties and Covenants of the Funding Lender Representative and the Additional Funding Lender. The Funding Lender Representative and the Additional Funding Lender make the following representations, warranties for the benefit of the Borrower, the Fiscal Agent, Governmental Lender and the Servicer.

- (a) the Applicable Funding Percentage purchased and transferred to the Additional Funding Lender is [__]% of the Funding Loan (which is less than [MAXIMUM PERCENTAGE PERMITTED BY FLA]% of the Funding Loan) and the balance thereof retained by the Funding Lender Representative is [__]% of the Funding Loan (which is [PERMITTED BALANCE]% or greater of the Funding Loan);
- (b) the purchase price of the portion of the Funding Loan transferred to the Additional Funding Lender is \$[_____], which represents 100% of the par amount of such Applicable Funding Percentage of the Funding Loan advanced by the Funding Lender Representative prior to the Purchase Date in the amount of \$[_____], plus interest accrued on such portion to the date of purchase in the amount of \$[_____], without premium or discount; and
- (c) the accrued interest owed to the Funding Lender Representative on the Purchase Date has been either paid on such date as provided in 2(b) above, or the Funding Lender Representative has confirmed in writing that it will be solely responsible for prorating the accrued and unpaid interest as between the Funding Lender Representative and the Additional Funding Lender.

Section 3. Assumption of Duties and Obligations of Additional Funding Lender; Release of Funding Lender Representative of such Duties and Obligations. From and after the Purchase Date, (i) the Additional Funding Lender hereby fully and unconditionally assumes in full all of the duties and obligations of the Funding Lender Representative arising from and after the Purchase Date under the Funding Loan Agreement and the Funding Loan Documents with respect to the portion of the Funding Loan purchased by and transferred to the Additional Funding Lender and undertakes and agrees to perform each and every duty and obligation of the “Additional Funding Lender” (as such term is defined in the Funding Loan Agreement) thereunder, and (ii) the Funding Lender Representative shall, upon such assumption, be released from all duties and obligations of

the Additional Funding Lender under the under the Funding Loan Agreement and the Funding Loan Documents hereby assumed.

Section 4. Co-Lender Agreement. Concurrently herewith, Funding Lender Representative, the Funding Lender Representative and the Additional Funding Lender, [as acknowledged and agreed to by the Borrower], are entering into the Co-Lender Agreement, which is attached hereto as Attachment A. The parties hereto agree that no provision of the Co-Lender Agreement shall have the effect of modifying the terms of the Funding Loan Agreement or adversely affect any rights or responsibilities of the Governmental Lender without the prior written consent of the Governmental Lender. In the event of any conflict between the Funding Loan Agreement and the Co-Lender Agreement which would adversely affect the rights or responsibilities of Governmental Lender, the Funding Loan Agreement shall control.

Section 5. Execution in Several Counterparts. This Assumption and Release Certificate may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Governmental Lender and the Fiscal Agent shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 6. Effective Date. This Assumption and Certificate shall be dated for convenience of reference as of [_____], but shall become effective upon (i) the satisfaction or waiver in writing of the conditions set forth in Section 2.5 of the Funding Loan Agreement by the Governmental Lender, the Fiscal Agent and/or the Funding Lender Representative, as applicable, which written waiver shall be attached hereto, and (ii) the occurrence of the Purchase Date.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Funding Lender Representative and the Additional Funding Lender have caused this Assumption and Release Certificate to be executed and delivered by duly authorized officers thereof as of the day and year first written above.

U.S. BANK NATIONAL ASSOCIATION, as
Funding Lender Representative

By: _____
Name:
Title:

[NAME OF ADDITIONAL FUNDING
LENDER],

as Additional Funding Lender

By:

Name:

Title: