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INDENTURE OF TRUST

by and between the

COUNTY OF CONTRA COSTA

and

**WELLS FARGO BANK, NATIONAL ASSOCIATION,
as the Bondowner Representative**

Dated as of November 1, 2008

**Relating to:
Up to \$13,672,085
County of Contra Costa
Multifamily Housing Revenue Bonds
(Los Medanos Village), Series 2008D**

**consisting of:
\$837,000 Series 2008D-1 (Term Loan), and
Up to \$12,835,085 Series 2008D-2 (Construction Loan)**

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INDENTURE OF TRUST

This Indenture of Trust, dated as of November 1, 2008 (this "Indenture"), is by and between the County of Contra Costa, a political subdivision and body corporate and politic of the State of California, duly organized and existing under the laws of the State of California (the "Issuer"), and Wells Fargo Bank, National Association, a national banking association organized under the laws of the United States of America, and being qualified to accept and administer the trusts hereby created, as bondowner representative (the "Bondowner Representative").

RECITALS:

WHEREAS, pursuant to the provisions of Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the California Health and Safety Code (the "Act"), the Issuer proposes to issue its County of Contra Costa Multifamily Housing Revenue Bonds (Los Medanos Village), Series 2008D-1 (Term Loan) and Contra Costa Multifamily Housing Revenue Bonds (Los Medanos Village), Series 2008D-2 (Construction Loan) (collectively, the "Bonds"); and

WHEREAS, the proceeds of the Bonds will be used to fund two loans to Los Medanos Village, L.P., a California limited partnership (the "Borrower") pursuant to the Loan Agreement, dated as of November 1, 2008, between the Issuer and the Borrower (the "Loan Agreement") and a Supplemental Agreement, dated as of November 1, 2008 (the "Supplemental Agreement"), between the Borrower and the Bondowner Representative, to provide financing for the construction of a multifamily rental housing project to be known as Los Medanos Village, to consist of 71 housing units (including one manager's unit) to be located in the City of Pittsburg, California (the "Development"); and

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and of the interest and premium, if any, thereon, the Issuer has authorized the execution and delivery of this Indenture; and

WHEREAS, all conditions, things and acts required by the Act, and by all other laws of the State of California, to exist, have happened and have been performed precedent to and in connection with the issuance of the Bonds exist, have happened, and have been performed in due time, form and manner as required by law, and the Issuer is now duly authorized and empowered, pursuant to each and every requirement of law, to issue the Bonds for the purpose, in the manner and upon the terms herein provided; and

WHEREAS, all acts and proceedings required by law necessary to make the Bonds, when executed by the Issuer, authenticated and delivered by the Bondowner Representative and duly issued, the valid, binding and legal limited obligations of the Issuer, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken; and the execution and delivery of this Indenture have been in all respects duly authorized.

AGREEMENT:

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, and the interest and premium, if any, on, all Bonds at any

time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and for and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Issuer covenants and agrees with the Bondowner Representative, for the equal and proportionate benefit of the respective registered owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS AND GENERAL PROVISIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Indenture and of the Loan Agreement and of any indenture supplemental hereto or agreement supplemental thereto, have the meanings herein specified, as follows:

The term **"Act"** shall mean Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the Health and Safety Code of the State of California.

The term **"Administrator"** shall mean the Issuer, or any substitute or replacement administrator appointed by the Issuer as agent of the Issuer in the administration of the Regulatory Agreement.

The term **"Agreement"** or **"Loan Agreement"** shall mean the Loan Agreement, dated as of November 1, 2008, between the Issuer and the Borrower, pursuant to which the Issuer agrees to loan the proceeds of the Bonds to the Borrower, as originally executed or as it may from time to time be supplemented or amended in accordance with its terms.

The term **"Authorized Amount"** shall mean Thirteen Million Six Hundred Seventy-Two Thousand Eighty-Five Dollars (\$13,672,085), the authorized maximum principal amount of the Bonds.

The term **"Authorized Borrower Representative"** shall mean any person who at the time and from time to time may be designated as such, by written certificate furnished to the Issuer and the Bondowner Representative containing the specimen signature of such person and signed on behalf of the Borrower by the Executive Director (or other designated officer) of the sole member/manager of the general partner of the Borrower, which certificate may designate an alternate or alternates.

The term **"Authorized Denomination"** shall mean \$250,000 and any integral multiple of \$1.00 in excess thereof; provided, that (i) one Bond of either series may be in a denomination less than a minimum \$250,000 in connection with a partial redemption of Bonds of such series pursuant to Section 4.01; and (ii) in any event, one Bond of each series may be in an amount equal to the then outstanding principal amount of the Bonds of such series.

The term **"Authorized Issuer Representative"** shall mean the Chair or Vice Chair of the Board of Supervisors of the Issuer, or the County Administrator, the Director of Conservation and Development or the Deputy Director-Redevelopment of the Issuer, or

any other person designated to act in such capacity by a Certificate of the Issuer containing the specimen signature of any of such persons which certificate may designate an alternate or alternates.

The term "**Bond Counsel**" shall mean (i) Quint & Thimmig LLP, or (ii) any attorney at law or other firm of attorneys selected by the Issuer of nationally recognized standing in matters pertaining to the federal tax status of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America, but shall not include counsel for the Borrower.

The term "**Bond Fund**" shall mean the fund established pursuant to Section 5.02 hereof.

The term "**Bondowner Representative**" shall mean (a) initially, Wells Fargo Bank, National Association, a national banking association organized under the laws of the United States of America, (b) any successor thereto under Section 8.08 hereof, or (c) subject to the provisions of Section 8.07 any entity that is the owner of a majority in principal amount of the Bonds then Outstanding or a person selected by the owners of a majority in principal amount of the Bonds then Outstanding.

The term "**Bonds**" means, collectively, the Series D-1 Bonds and the Series D-2 Bonds.

The term "**Borrower**" shall mean Los Medanos Village, L.P., a California limited partnership, and its successors and assigns under the provisions of Section 6.2 of the Loan Agreement.

The term "**Business Day**" shall mean any day other than a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Bondowner Representative's Principal Office is located are authorized or obligated by law or executive order to close.

The term "**Certificate of the Issuer**" shall mean a certificate of the Issuer signed by an Authorized Issuer Representative.

The term "**Certified Resolution**" shall mean a copy of a resolution of the Issuer certified by a Member of the Board of Directors of the Issuer, to have been duly adopted by the Issuer and to be in full force and effect on the date of such certification.

The term "**Closing Date**" shall mean November 6, 2008, the date of initial delivery of the Bonds and funding of the Initial Disbursement.

The term "**Code**" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

The term "**Construction Note**" means the Promissory Note D-2 in the initial principal amount of up to \$12,835,085.00, and identified as "Note D-2" in the Loan Agreement.

The term "**Debt Service**" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts

scheduled during such period which relate to principal which has been retired before the beginning of such period.

The term **"Deed of Trust"** shall mean the Construction and Permanent Deed of Trust With Absolute Assignment of Leases and Payments, Security Agreement and Fixture Filing, executed by the Borrower in favor of the Issuer; and assigned by the Issuer to the Bondowner Representative, for the purpose of securing the obligations of the Borrower under the Loan Agreement, as such deed of trust may be originally executed or as it may be from time to time supplemented and amended.

The term **"Default Rate"** means the interest rate then in effect on the Bonds plus five percent (5%).

The term **"Development"** means the multifamily rental housing facility to be constructed by the Borrower with the proceeds of the Loan located in the City of Pittsburg, California on the site identified in Exhibit A to the Regulatory Agreement, including structures, buildings, fixtures or equipment, as it may at any time exist, and any structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of such facilities, and a leasehold interest in the land on which such housing is situated.

The term **"Development Costs"** has the meaning given such term in the Regulatory Agreement.

The term **"Event of Default"** as used herein other than with respect to defaults under the Loan Agreement shall have the meaning specified in Section 7.01 hereof, and as used in the Loan Agreement shall have the meaning specified in Section 7.1 thereof.

The term **"Fair Market Value"** means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term **"Fair Market Value"** means the acquisition price in a bona fide arm's length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (c) the investment is a United States Treasury Obligation-State Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (d) the investment is the Local Agency Investment Fund of the State of California but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

The term **"Holder," "holder" or "Bondholder" or "owner" or "Bondowner"** shall mean the person in whose name any Bond is registered.

The term **"Indenture"** shall mean this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture entered into pursuant to the provisions hereof.

The term **"Initial Disbursement"** means the initial advance of the proceeds of the Bonds on the Closing Date in an amount equal to \$837,000.00.

The term **"Interest Payment Date"** shall mean the first day of each month, whether or not any such day is a Business Day, commencing December 1, 2008.

The term **"Investment Securities"** shall mean any of the following (including any funds comprised of the following, which may be funds maintained or managed by the Bondowner Representative and its affiliates), but only to the extent that the same are acquired at Fair Market Value:

(a) United States Treasury notes, bonds, bills, or those for which the full faith and credit of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, are pledged for the payment of principal and interest (including State and Local Government Series);

(b) shares of an investment company (1) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, (2) whose only investments are in (i) securities described in the preceding clause (a), (ii) general obligation tax-exempt securities rated A or better by the Rating Agency, or (iii) repurchase agreements or reverse repurchase agreements fully collateralized by those securities if the repurchase agreements or reverse repurchase agreements are entered into only with those primary reporting dealers to report to the Federal Reserve Bank of New York and with the 100 largest United States commercial banks, and (3) which are rated Am or Am-g or better by the Rating Agency;

(c) any security which is a general obligation of any state or any local government with taxing powers which is rated A or better by the Rating Agency;

(d) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated A-1 by the Rating Agency and matures in 270 days or less; or

(e) any other investment approved in writing by the Bondowner Representative.

The term **"Investor Limited Partner"** means Wincopin Circle LLLP or an affiliate thereof, in its capacity as the investor limited partner of the Borrower.

The term **"Issuance Costs"** means all costs and expenses of issuance of the Bonds, including, but not limited to: (a) underwriters' discount and fees; (b) counsel fees, including Bond Counsel and Borrower's counsel, as well as any other specialized counsel fees incurred in connection with the issuance of the Bonds or the Loan; (c) the Issuer's fees and expenses incurred in connection with the issuance of the Bonds, including fees of any counsel or financial advisor to the Issuer, and the Issuer administrative fee for processing the request of the Borrower to issue the Bonds; (d) Bondowner Representative's fees and Bondowner Representative's counsel fees; (e) paying agent's and certifying and authenticating agent's fees related to issuance of the Bonds; (f) accountant's fees related to issuance of the Bonds; (g) publication costs associated with the financing proceedings; and (h) costs of engineering and feasibility studies necessary to the issuance of the Bonds.

The term **"Issuer"** shall mean the County of Contra Costa, California, the issuer of the Bonds hereunder, and its successors and assigns as provided in Section 11.01.

The term **"Loan"** shall mean, collectively, the loans made by the Issuer to the Borrower pursuant to the Agreement for the purpose of financing a portion of the costs of construction by the Borrower of the Development.

The term **"Loan Agreement"** shall mean the Agreement, as defined herein.

The term **"Loan Documents"** has the meaning given such term in the Loan Agreement.

The term **"Notes"** means, collectively, the Construction Note and the Term Note evidencing the Loan, in the forms executed by the Borrower on the Closing Date, and as they may be amended in accordance with the terms of the Loan Agreement, the Supplemental Agreement and this Indenture.

The term **"Opinion of Counsel"** shall mean a written opinion of counsel, who may be counsel for the Issuer, Bond Counsel or counsel for the Bondowner Representative.

The term **"outstanding"**, when used as of any particular time with reference to Bonds, shall, subject to the provisions of Section 11.08(e), mean all Bonds theretofore authenticated and delivered by the Bondowner Representative under this Indenture except:

(a) Bonds theretofore canceled by the Bondowner Representative or surrendered to the Bondowner Representative for cancellation;

(b) Bonds for the payment or redemption of which moneys or securities in the necessary amount (as provided in Section 10.01) shall have theretofore been deposited with the Bondowner Representative (whether upon or prior to the maturity or the redemption date of such Bonds); and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Bondowner Representative pursuant to the terms of Section 2.05.

The term **"person"** shall mean an individual, a corporation, a partnership, a limited liability company, a limited liability partnership, a limited partnership, a trust, an unincorporated organization or a government or any agency or political subdivision thereof.

The term **"Premium"** means a premium payable on the Bonds in an amount equal to any premium payable on the Note.

The term **"Principal Office"** shall mean the office of the Bondowner Representative located at the address set forth in Section 11.06 hereof, or at such other place as the Bondowner Representative shall designate by notice given under said Section 11.06.

The term **"Program Fund"** shall mean the fund established pursuant to Section 3.03 hereof.

The term **"Qualified Development Costs"** has the meaning given such term in the Regulatory Agreement.

The term **"Qualified Institutional Buyer"** shall mean (a) a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act of 1933, as

amended, or (b) one of the following: (i) a bank as defined in Section 3(a)(2) of the Securities Act of 1933 as amended (the "Act), a bank holding company or a wholly owned subsidiary of a bank holding company, or a savings and loan association or other institution as defined in Section 3(a)(5)(a) of the Act acting in its individual capacity; or (ii) an insurance company as defined in Section 2(13) of the Securities Exchange Act of 1934.

The term "**Rating Agency**" shall mean Standard & Poor's Ratings Group, a division of McGraw-Hill, or its successors and assigns or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized rating agency designated by the Issuer.

The term "**Regulations**" means the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time or pursuant to any predecessor statute to the Code.

The term "**Regulatory Agreement**" shall mean the Regulatory Agreement and Declarations of Restrictive Covenants of even date herewith, by and between the Issuer and the Borrower, as in effect on the Closing Date and as thereafter amended in accordance with its terms.

The term "**Responsible Officer**" of the Bondowner Representative shall mean any officer of the Bondowner Representative assigned to administer its duties hereunder.

The term "**Revenues**" shall mean all amounts pledged hereunder to the payment of principal of, premium, if any, and interest on the Bonds, consisting of any repayments of the Loan required or permitted to be made by the Borrower pursuant to Section 5.1(a) of the Loan Agreement; but such term shall not include payments to the United States, the Issuer, the Administrator or the Bondowner Representative pursuant to Sections 2.3, 2.4, 5.1(d), 5.1(e), 6.7 or 7.4 of the Agreement or Sections 6.08 or 8.06 hereof or Sections 4A(a), 9 or 20 of the Regulatory Agreement.

The term "**Series D-1 Bonds**" shall mean the County of Contra Costa Multifamily Housing Revenue Bonds (Los Medanos Village), Series D-1 (Term Loan), issued and outstanding hereunder.

The term "**Series D-2 Bonds**" shall mean the County of Contra Costa Multifamily Housing Revenue Bonds (Los Medanos Village), Series D-2 (Construction Loan), issued and outstanding hereunder.

The term "**Supplemental Agreement**" means the Supplemental Agreement, dated as of November 1, 2008, among the Bondowner Representative, the Issuer and the Borrower, as in effect on the Closing Date and as thereafter amended in accordance with its terms.

The term "**supplemental indenture**" or "**indenture supplemental hereto**" shall mean any indenture hereafter duly authorized and entered into between the Issuer and the Bondowner Representative in accordance with the provisions of this Indenture.

The term "**Tax Certificate**" means the Certificate as to Arbitrage of the Borrower and the Issuer dated the Closing Date.

The term "**Term Note**" means the Promissory Note D-1 in the original principal amount of \$837,000.00, and identified as "Note D-1" in the Loan Agreement.

The terms "Written Consent", "Written Demand", "Written Direction", "Written Election", "Written Notice", "Written Order", "Written Request" and "Written Requisition" of the Issuer or the Borrower shall mean, respectively, a written consent, demand, direction, election, notice, order, request or requisition signed on behalf of the Issuer by an Authorized Issuer Representative, or on behalf of the Borrower by an Authorized Borrower Representative.

Section 1.02. Rules of Construction. (a) The singular form of any word used herein, including the terms defined in Section 1.01, shall include the plural, and vice versa, unless the context otherwise requires. The use herein of a pronoun of any gender shall include correlative words of the other genders.

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

(c) The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

ARTICLE II

THE BONDS

Section 2.01. Authorization. There are hereby authorized to be issued bonds of the Issuer designated as "County of Contra Costa Multifamily Housing Revenue Bonds (Los Medanos Village), Series 2008D-1 (Term Loan)" in the initial aggregate principal amount of \$837,000, and "County of Contra Costa Multifamily Housing Revenue Bonds (Los Medanos Village), Series 2008D-2 (Construction Loan)" in the initial aggregate principal amount of up to \$12,835,085. No Bonds may be issued hereunder except in accordance with this Article.

Notwithstanding anything herein to the contrary, the maximum principal amount of one of the series of the Bonds may be increased so long as (a) the maximum principal amount of the other series of the Bonds is decreased by a like or greater amount, so that the maximum principal amount of the Bonds that may be outstanding under this Indenture shall in no event exceed the Authorized Amount; and (b) if the weighted average maturity of the Bonds will increase as a result of the change in maximum principal amounts of the two series of the Bonds, the Bondowner Representative shall first obtain an opinion of Bond Counsel addressed to the Issuer and the Bondowner Representative to the effect that the change in maximum principal amounts will not, in itself, adversely affect the exclusion from gross income of the owners of the Bonds of the interest on the Bonds. Any increase in the maximum amount of a series of Bonds (and the corresponding decrease in the maximum principal amount of the other series of the Bonds) shall be evidenced by a written instrument executed by all of the owners of the Bonds then outstanding and by an Authorized Borrower Representative which specifies the amount of the increase and the series of the Bonds to which it pertains (and the series of Bonds to which the corresponding decrease pertains), delivered to the Bondowner Representative, with a copy to the Issuer.

Section 2.02. Terms of Bonds. The Bonds shall be in substantially the form set forth in Exhibit A hereto with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture, including any supplemental indenture.

The Bonds shall be issuable only as fully registered Bonds, without coupons, initially in the form of a single Bond for each series of the Bonds in the principal amount equal to the aggregate of the purchase price of the respective series of the Bonds advanced from time to time by the owners of the Bonds (which principal amount of the Series D-1 Bonds shall be, on the Closing Date, equal to the amount of the Initial Disbursement). The Series D-1 Bonds shall be dated the Closing Date, shall mature on November 1, 2028, and shall be subject to redemption prior to maturity as provided in Article IV. The Series D-2 Bonds shall be dated the Closing Date, shall mature on November 1, 2011, and shall be subject to redemption prior to maturity as provided in Article IV.

Interest shall be paid on the outstanding principal amount of the Series D-1 Bonds, from the Closing Date until the maturity date of the Series D-1 Bonds, on each Interest Payment Date occurring during such period, at a rate equal to, and calculated in the same manner as, the interest payable on the Term Note.

Interest shall be paid on the outstanding principal amount of the Series D-2 Bonds, from the Closing Date until the maturity date of the Series D-2 Bonds, on each Interest Payment Date occurring during such period, at a rate equal to, and calculated in the same manner as, the interest payable on the Construction Note.

Each Bond shall bear interest from the date to which interest has been paid on the Bonds next preceding the date of its authentication, unless it is authenticated as of an Interest Payment Date for which interest has been paid, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the first Interest Payment Date, in which event it shall bear interest from the Closing Date.

The payment or prepayment of principal of and interest or premium, if any, on each respective series of the Bonds shall be identical with and shall be made on the same terms and conditions as the payment of principal of and interest or premium, if any, on the corresponding Note, as determined in accordance with the Loan Agreement and the Supplemental Agreement. Any payment or prepayment made by the Borrower of principal and interest or premium, if any, on the Term Note shall be deemed to be like payments or prepayments of principal and interest or premium, if any, on the Series D-1 Bonds. Any payment or prepayment made by the Borrower of principal and interest or premium, if any, on the Construction Note shall be deemed to be like payments or prepayments of principal and interest or premium, if any, on the Series D-2 Bonds.

Payments or prepayments actually made by the Borrower to the Bondowner Representative shall be deemed to have been constructively received by the Holder as payments or prepayments on the Bonds on the date of receipt of such payments by the Bondowner Representative, and interest with respect to each principal payment or prepayment shall cease to accrue upon receipt of such payment by the Bondowner Representative. Payments or prepayments of principal, interest or premium, if any, shall be remitted immediately by the Bondowner Representative to the Holder.

The Issuer hereby acknowledges that the Borrower is obligated to pay late fees and other charges under the Notes to the Bondowner Representative, which amounts are paid for the benefit of the Bondowner Representative and shall be retained by the Bondowner Representative for its own account.

Section 2.03. Payment of Bonds. Payment of the principal of and interest on any Bond shall be made in lawful money of the United States to the person appearing on the Bond registration books of the Issuer (maintained by the Bondowner Representative) as the registered owner thereof on the applicable Interest Payment Date, such principal and interest to be paid by check mailed on the Interest Payment Date by first class mail, postage prepaid, to the registered owner at its address as it appears on such registration books, except that the Bondowner Representative may, at the request of any registered owner of Bonds, make payments of principal and interest on such Bonds by wire transfer to the account within the United States designated by such owner to the Bondowner Representative in writing, any such designation to remain in effect until withdrawn in writing.

Section 2.04. Execution of Bonds. The Bonds shall be signed in the name and on behalf of the Issuer with the manual or facsimile signature of the Chair of the Board of Supervisors of the Issuer and the manual or facsimile signature of the County Administrator and Clerk of the Board of Supervisors of the Issuer. The Bonds shall then be delivered to the Bondowner Representative for authentication by the Bondowner Representative. In case any officer who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been authenticated or delivered by the Bondowner Representative or issued by the Issuer, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issuance, shall be as binding upon the Issuer as though the person who signed the same had continued to be such officer of the Issuer. Also, any Bond may be signed on behalf of the Issuer by such persons as on the actual date of the execution of such Bond shall be the proper officers of the Issuer although on the nominal date of such Bond any such person shall not have been such officer.

Only such of the Bonds as shall bear thereon a certificate of authentication in the form set forth in Exhibit A, manually executed by the Bondowner Representative, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture and such certificate of the Bondowner Representative shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.05. Transfer of Bonds. (a) Any Bond may, in accordance with the terms of this Indenture but in any event subject to the provisions of Section 2.05(b) hereof, be transferred upon the books of the Bondowner Representative, required to be kept pursuant to the provisions of Section 2.06, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the Principal Office of the Bondowner Representative, accompanied by a written instrument of transfer in a form acceptable to the Bondowner Representative, duly executed. Bonds may be exchanged for Bonds of any Authorized Denominations, so long as the aggregate amount of all Bonds of each Authorized Denomination is not in excess of the principal amount of the Bonds then Outstanding. Whenever any Bond shall be surrendered for transfer, the Issuer shall execute and the Bondowner Representative shall authenticate and deliver a new Bond of the same series.

(b) The following shall apply to all transfers of the Bonds after the initial sale and delivery of the Bonds:

(i) the Bonds, in the form attached hereto as Exhibit A, shall be physical certificated instruments, and shall not be held in a book-entry only system unless approved in advance in writing by the Issuer in its sole discretion;

(ii) there shall be no transfer of the Bonds prior to the Completion Date (as defined in the Regulatory Agreement), except to an affiliate or affiliates of the Bondowner Representative;

(iii) the Bonds shall be in Authorized Denominations;

(iv) the Bonds shall only be sold and subsequently transferred to one or more (A) Qualified Institutional Buyers (with the transferee certifying in writing to the Bondowner Representative and the Issuer that it is a "Qualified Institutional Buyer"), (B) persons or entities approved in writing by the Issuer in its discretion, (C) persons or entities following the assignment of a rating of "A" (or its equivalent) or better to the Bonds by a nationally recognized rating agency, and/or (D) one or more affiliates of the Bondowner Representative;

(v) following any transfer of the Bonds, there shall be no more than five (5) different Bondowners, and one of the Bondowners shall at all times own Bonds representing more than 50% of the principal amount of the Bonds then Outstanding and such majority owner or an affiliate thereof shall be the Bondowner Representative hereunder following the transfer; and

(vi) the (A) transferring Bondowner shall provide a written letter to the Issuer and the Bondowner Representative to the effect that there has been no violation of the requirements of this Section 2.05(b) in connection with the proposed transfer of the Bonds, and that the transferring Bondowner has no knowledge of any litigation involving the Issuer, on the one hand, and the transferee of the Bonds, on the other hand, with respect to the Bonds or the Development, and (B) the transferee Bondowner shall provide an Investor's Letter to the Issuer substantially in the form of Exhibit B hereto.

(c) The Bondowner Representative shall require the payment by the Bondholder requesting any such transfer of any tax, fee or other governmental charge required to be paid with respect to such transfer, but any such transfer shall otherwise be made without charge to the Bondholder requesting the same. The cost of printing any Bonds and any services rendered or any expenses incurred by the Bondowner Representative in connection therewith shall be paid by the Borrower.

(d) The Bondowner Representative shall indemnify and defend the Issuer against any claim brought by any transferor or transferee of the Bonds in respect of the Bonds, this Indenture or any of the Loan Documents in the event that the Bondowner Representative permits a transfer of the Bonds in violation of the restrictions in Section 2.05(b) above.

(e) In no case shall a purchaser of a participation interest in any Bond be deemed to be a Holder of the Bonds.

Section 2.06. Bond Register. The Issuer hereby appoints the Bondowner Representative as registrar and authenticating agent for the Bonds. The Bondowner Representative will keep or cause to be kept at its Principal Office sufficient books for the registration and transfer of the Bonds, which shall at all reasonable times upon reasonable notice be open to inspection by the Issuer and the Borrower; and, upon presentation for such purpose, the Bondowner Representative as registrar shall, under such reasonable regulations as it may prescribe, transfer or cause to be transferred, on said books, Bonds as hereinbefore provided.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01. Authentication and Delivery of the Bonds. Upon the execution and delivery of this Indenture, the Issuer shall execute the Bonds and deliver them to the Bondowner Representative. Thereupon, and upon satisfaction of the conditions set forth in this Section, and without any further action on the part of the Issuer, the Bondowner Representative shall authenticate the Bonds in an aggregate principal amount not exceeding the respective principal amounts in Section 2.01, and shall deliver them pursuant to the Written Order of the Issuer hereinafter mentioned. Prior to the authentication and delivery of any of the Bonds by the Bondowner Representative, there shall have been (a) paid by the Borrower to the County its Issuer fee in the amount of \$51,975.00 and reimbursement for its expenses in the amount of \$10,000.00, or provision shall have been made for payment of such amounts upon recordation of the Regulatory Agreement and the Deed of Trust; and (b) delivered to the Bondowner Representative each of the following:

(i) a Certified Resolution authorizing issuance and sale of the Bonds and execution and delivery by the Issuer of the Indenture, the Loan Agreement and the Regulatory Agreement;

(ii) original executed counterparts of this Indenture, the Loan Agreement, the Deed of Trust and the Regulatory Agreement, the Supplemental Agreement, the Security Agreement (as defined in the Loan Agreement), and all of the other Loan Documents (as defined in the Supplemental Agreement), all in form and content satisfactory to the Bondowner Representative, and the original executed Notes; and

(iii) a Written Order of the Issuer to the Bondowner Representative to authenticate and deliver the Bonds as directed in such Written Order, upon payment to the Bondowner Representative, for the account of the Issuer, of the Initial Disbursement.

Section 3.02. Application of Proceeds of Bonds. The proceeds received on the Closing Date by the Issuer from the sale of the Bonds shall be deposited with the Bondowner Representative, who shall deposit such proceeds in the Program Fund created pursuant to Section 3.03. The Bondowner Representative shall deposit any future advances of the purchase price of the Bonds to the Program Fund.

Section 3.03. Program Fund. (a) There is hereby created and established with the Bondowner Representative a fund which shall be designated the "Program Fund." Upon the initial delivery of the Bonds, there shall be deposited in the Program Fund the amount specified in Section 3.02. The Bondowner Representative shall deposit any future advances of the purchase price of the Bonds to the Program Fund. Amounts deposited or held in such fund shall be applied only as provided in this Section.

(b) The Initial Disbursement, representing the advance of the purchase price of the Series D-1 Bonds, shall be deposited in the Program Fund on the Closing Date shall be disbursed by the Bondowner Representative to or upon the order of the Borrower to pay the costs identified in Section 3.4(a) of the Loan Agreement.

(c) The Issuer hereby authorizes and directs the disbursement by the Bondowner Representative to the Borrower of the principal amount of the Series D-2 Bonds deposited to the Program Fund from time to time upon receipt by the Bondowner Representative of a

written request of the Borrower, accompanied by the documents required under the Supplemental Agreement (as required by Section 3.4(b) of the Loan Agreement), and a determination of the Bondowner Representative that the conditions to disbursement contained in the Supplemental Agreement have been satisfied or waived. No further disbursement shall be made from the Program Fund following November 1, 2010.

(d) Neither the Bondowner Representative nor the Issuer shall be responsible for the application by the Borrower of monies disbursed to the Borrower in accordance with this Section 3.03.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Circumstances of Redemption. The Bonds are subject to redemption upon the circumstances, on the dates and at the prices set forth as follows:

(a) The Series D-1 Bonds shall be subject to redemption in whole or in part on any date, at a price equal to the Outstanding principal amount of Series D-1 Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, together with any applicable premium, upon prepayment of the Term Note in whole or in part in accordance with the provisions of the Term Note, the Loan Agreement and the Supplemental Agreement.

(b) The Series D-2 Bonds shall be subject to redemption in whole or in part on any date, at a price equal to the Outstanding principal amount of Series D-2 Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, together with any applicable premium, upon prepayment of the Construction Note in whole or in part in accordance with the provisions of the Construction Note, the Loan Agreement and the Supplemental Agreement.

(c) The Bonds shall be subject to redemption in whole on any date at a price equal to the Outstanding principal amount of Bonds plus interest accrued thereon to the date fixed for redemption, together with any applicable premium, upon acceleration of the Loan in whole following an Event of Default (as defined in the Loan Agreement or in the Supplemental Agreement).

(d) The Series D-1 Bonds shall be subject to redemption in whole or in part on any date at a price equal to the principal amount thereof to be redeemed plus accrued interest to the redemption date, together with any applicable premium, from the proceeds of any mandatory prepayment of the Term Note under the terms of the Term Note or the Loan Agreement and the Supplemental Agreement.

(e) The Series D-2 Bonds shall be subject to redemption in whole or in part on any date at a price equal to the principal amount thereof to be redeemed plus accrued interest to the redemption date, together with any applicable premium, from the proceeds of any mandatory prepayment of the Construction Note under the terms of the Construction Note or the Loan Agreement and the Supplemental Agreement.

The premium due in connection with any of the foregoing redemption provisions shall be an amount equal to the amount paid on the respective Note in connection with such

redemption that is in excess of the principal and interest on the respective series of the Bonds otherwise due on the redemption date. Notwithstanding any other provision hereof, prepayments of amounts due under the Term Note shall be applied solely to the redemption of the Series D-1 Bonds, and prepayments of the Construction Note shall be applied solely to the redemption of the Series D-2 Bonds.

The Bondowner Representative is hereby authorized and directed, and hereby agrees, to fix the date for any such redemption, and, if Revenues are available, to redeem the Bonds so called on the date so fixed by the Bondowner Representative. If there is more than one Bondowner as of any date of redemption, Bonds shall be redeemed pro rata among the Bondowners. So long as there is only one Bondowner, the Bondowner need not surrender its Bond in connection with any redemption of Bonds.

Section 4.02. No Notice of Redemption. No notice of redemption of the Bonds need be given.

Section 4.03. Effect of Redemption. Moneys for payment of the redemption price of Bonds being held by the Bondowner Representative, the Bonds so called for redemption shall, on the redemption date selected by the Bondowner Representative, become due and payable at the redemption price specified herein, interest on the Bonds so called for redemption shall cease to accrue, said Bonds shall cease to be entitled to any lien, benefit or security under this Indenture, and the holders of said Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof.

ARTICLE V

REVENUES

Section 5.01. Pledge of Revenues. All of the Revenues are hereby irrevocably pledged to the punctual payment of the principal of and interest on the Bonds. The Issuer also hereby transfers in trust, grants a security interest in and assigns to the Bondowner Representative, for the benefit of the holders from time to time of the Bonds all of its right, title and interest in (a) the Revenues, (b) the amount on deposit in any fund or account created hereunder or under the Loan Agreement and held by the Bondowner Representative, (c) the Deed of Trust, (d) the Loan Agreement (except for the rights of the Issuer under Sections 2.3, 2.4, 5.1(b), 5.1(d), 5.1(e), 6.7 and 7.4 thereof), (e) the Notes, and (f) any other amounts or agreements referenced in the Supplemental Agreement as security for the repayment of the Bonds.

All Revenues and all amounts on deposit in the funds and accounts created hereunder or under the Loan Agreement or the other Loan Documents and held by the Bondowner Representative shall be held for the benefit of the holders from time to time of the Bonds, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes hereinafter set forth in this Article V.

Neither the Issuer (or any officer or member of the Board of Supervisors thereof) nor any person executing the Bonds, nor the Bondowner Representative, is liable personally on the Bonds or subject to any personal liability or accountability by reason of their issuance. The Bonds are limited obligations of the Issuer and are not a debt, nor a pledge of the faith and credit, of the State of California or any of its political subdivisions (other than the Issuer to the limited extent provided in this Indenture), and none of such entities is liable on the Bonds, nor are the Bonds payable out of any funds or properties other than those of the

Issuer explicitly pledged hereunder for the payment thereof. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation. The issuance of the Bonds shall not directly or indirectly or contingently obligate 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.

The Issuer shall not be liable for payment of the principal of or interest on the Bonds or any other costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Indenture, the Bonds or any other documents, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement.

Section 5.02. Bond Fund. There is hereby created and established with the Bondowner Representative a separate fund which shall be designated the "Bond Fund," which fund shall be applied only as provided in this Section.

The Bondowner Representative shall deposit in the Bond Fund from time to time, upon receipt thereof, all Revenues, including (i) income received from the investment of moneys on deposit in the Bond Fund, and (ii) any other Revenues, including insurance proceeds, condemnation awards and other Loan payments or prepayments received from or for the account of the Borrower. The Bondowner Representative shall provide notice to the Issuer, upon written request of the Issuer, of the amounts received by the Bondowner Representative which constitute Revenues or are otherwise deposited to the Bond Fund, and of any failure by the Borrower to make timely payments on the Notes.

Except as provided in Section 10.02, moneys in the Bond Fund shall be used solely for the payment of the principal of and premium, if any, and interest on the Bonds as the same shall become due, whether at maturity or upon redemption or acceleration or otherwise.

On each date on which principal of or interest on the Bonds is due and payable, the Bondowner Representative shall pay such amount from the Bond Fund.

Notwithstanding any other provision of this Indenture, to the extent that there is only one Bondowner, any payment on the Notes from the Borrower to the Bondowner Representative shall be deemed to be a payment by the Issuer on the Bonds, and there shall be no requirement that amounts so paid be deposited to the Bond Fund.

Section 5.03. Investment of Moneys. Except as otherwise provided in this Section, any moneys in any of the funds and accounts to be established by the Bondowner Representative pursuant to this Indenture shall be invested by the Bondowner Representative in Investment Securities selected and directed in writing by the Borrower, with respect to which payments of principal thereof and interest thereon are scheduled or otherwise payable not later than one day prior to the date on which it is estimated that such moneys will be required by the Bondowner Representative. In the absence of such directions, the Bondowner Representative shall invest such monies in Investment Securities described in clause (b) of the definition thereof. The Bondowner Representative shall have no liability or responsibility for any loss resulting from any investment made in accordance with this Section 5.03.

Except as otherwise provided in the next sentence, all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this

Indenture or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of Section 148 of the Code). The Bondowner Representative shall have no duty to determine Fair Market Value or present value hereunder.

For the purpose of determining the amount in any fund or account, all Investment Securities credited to such fund or account shall be valued at the lower of cost or par (which shall be measured exclusive of accrued interest) after the first payment of interest following purchase.

Any interest, profit or loss on such investment of moneys in any fund or account shall be credited or charged to the respective funds or accounts from which such investments are made. The Bondowner Representative may sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment, and the Bondowner Representative shall not be liable or responsible for any loss resulting from such sale or redemption.

The Bondowner Representative may make any and all investments permitted under this Section 5.03 through its own trust or banking department or any affiliate and may pay said department reasonable, customary fees for placing such investments. The Bondowner Representative and its affiliates may act as principal, agent, sponsor, advisor or depository with respect to Investment Securities under this Section 5.03.

The Issuer (and the Borrower by its execution of the Loan Agreement) acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Issuer or the Borrower the right to receive brokerage confirmations of security transactions as they occur, the Issuer and the Borrower will not receive such confirmations to the extent permitted by law. The Bondowner Representative will furnish the Borrower and the Issuer (to the extent requested by it) periodic cash transaction statements which include detail for all investment transactions made by the Bondowner Representative hereunder.

Section 5.04. Assignment to Bondowner Representative; Enforcement of Obligations. The Issuer hereby transfers, assigns and sets over to the Bondowner Representative, for the benefit of the Bondholders, and the Bondowner Representative hereby accepts, all of the Revenues, all moneys at any time held in the funds and accounts established hereunder and any and all rights and privileges the Issuer has under the Agreement (except for the Issuer's rights under Sections 2.3, 2.4, 5.1(d), 5.1(e), 6.7 and 7.4 of the Agreement); and any Revenues which are collected or received by the Issuer shall be deemed to be held, and to have been collected or received, by the Issuer as the agent of the Bondowner Representative, and shall forthwith be paid by the Issuer to the Bondowner Representative. Upon the occurrence of an Event of Default actually known to a Responsible Officer of the Bondowner Representative, the Bondowner Representative also shall be entitled to take all steps, actions and proceedings reasonably necessary in its judgment: (a) to enforce the terms, covenants and conditions of, and preserve and protect the priority of its interest in and under, the Loan Agreement, the Supplemental Agreement, Regulatory Agreement and the Deed of Trust, and (b) to request compliance with all covenants, agreements and conditions on the part of the Issuer contained in this Indenture with respect to the Revenues.

ARTICLE VI

COVENANTS OF THE ISSUER

Section 6.01. Payment of Principal and Interest. The Issuer shall punctually pay, but only out of Revenues as herein provided, the principal and the interest (and premium, if any) to become due in respect of every Bond issued hereunder at the times and places and in the manner provided herein and in the Bonds, according to the true intent and meaning thereof. When and as paid in full, all Bonds shall be delivered to the Bondowner Representative and shall forthwith be destroyed.

Section 6.02. Paying Agents. The Issuer, with the written approval of the Bondowner Representative, may appoint and at all times have one or more paying agents in such place or places as the Issuer may designate, for the payment of the principal of, and the interest (and premium, if any) on, the Bonds. It shall be the duty of the Bondowner Representative to make such arrangements with any such paying agent as may be necessary and feasible to assure, to the extent of the moneys held by the Bondowner Representative for such payment, the availability of funds for the prompt payment of the principal of and interest and premium, if any, on the Bonds presented at either place of payment. The paying agent initially appointed hereunder is the Bondowner Representative.

Section 6.03. Preservation of Revenues; Amendment of Documents. The Issuer shall not take any action to interfere with or impair the pledge and assignment hereunder of Revenues and the assignment to the Bondowner Representative of rights of the Issuer under the Agreement and the Deed of Trust, or the Bondowner Representative's enforcement of any rights hereunder or thereunder, shall not take any action to impair the validity or enforceability of the Agreement or the Deed of Trust, and shall not waive any of its rights under or any other provision of or permit any amendment of the Agreement or the Deed of Trust, without the prior written consent of the Bondowner Representative.

Section 6.04. Compliance with Indenture. The Issuer shall not issue, or permit to be issued, any Bonds secured or payable in any manner out of Revenues other than in accordance with the provisions of this Indenture; it being understood that the Issuer reserves the right to issue obligations payable from and secured by sources other than the Revenues and the assets assigned herein. The Issuer shall not suffer or permit any default to occur under this Indenture, but shall faithfully observe and perform all the covenants, conditions and requirements hereof. So long as any Bonds are outstanding, the Issuer shall not create or suffer to be created any pledge, lien or charge of any type whatsoever upon all or any part of the Revenues, other than the lien of this Indenture.

Section 6.05. Further Assurances. Whenever and so often as requested so to do by the Bondowner Representative, the Issuer (at the sole cost and expense of the Borrower) shall promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Bondowner Representative and the Bondholders all of the rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Indenture and to perfect and maintain as perfected such rights, interests, powers, benefits, privileges and advantages.

Section 6.06. No Arbitrage. Solely in reliance upon the covenants and representations of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, the Issuer shall not take, nor permit nor suffer to be taken by the

Bondowner Representative or otherwise, any action with respect to the gross proceeds of the Bonds which if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of the issuance of the Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and Regulations promulgated thereunder.

Section 6.07. Limitation of Expenditure of Proceeds. The Issuer shall assure, solely in reliance upon the covenants and representations of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, that not less than 95% percent of the amount advanced as the purchase price of the Bonds, plus premium (if any) paid on the purchase of the Bonds by the original purchaser thereof from the Issuer, less original discount, are used for Qualified Development Costs and less than 25 percent of such amount is used for land or an interest in land.

Section 6.08. Rebate of Excess Investment Earnings to United States. The Issuer hereby covenants, solely in reliance upon the covenants and representations of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, to cause the Borrower (solely by the inclusion of Section 6.14(j) in the Loan Agreement and Section 6.33(c) in the Supplemental Agreement) to calculate or cause to be calculated excess investment earnings to the extent required by Section 148(f) of the Code and the Borrower shall cause payment of an amount equal to excess investment earnings to the United States in accordance with the Regulations, all at the sole expense of the Borrower.

Section 6.09. Limitation on Issuance Costs. The Issuer shall assure, solely in reliance upon the covenants and representations of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, that, from the proceeds of the Bonds received from the original purchaser thereof and investment earnings thereon, an amount not in excess of two percent (2%) of the face amount of the Bonds will be used to pay for, or provide for the payment of, Issuance Costs. For this purpose, if the fees of such original purchaser are retained as a discount on the purchase of the Bonds, such retention shall be deemed to be an expenditure of proceeds of the Bonds for said fees.

Section 6.10. Federal Guarantee Prohibition. The Issuer shall take no action nor permit nor knowingly suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of the Code.

Section 6.11. Prohibited Facilities. The Issuer, solely in reliance upon the covenants and representations of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, shall assure that no portion of the proceeds of the Bonds will be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. The Issuer, solely in reliance upon the covenants and representations of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, shall assure that no portion of the proceeds of the Bonds will be used for an office unless the office is located on the premises of the facilities constituting the Development and unless not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Development.

Section 6.12. Use Covenant. Solely in reliance upon the covenants and representations of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, the Issuer shall not use or knowingly permit the use of any proceeds of Bonds or any other funds of the Issuer, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in any of the

Bonds being treated as an obligation not described in Section 142(d) of the Code by reason of such Bond not meeting the requirements of Section 142(d) of the Code.

Section 6.13. Immunities and Limitations of Responsibility of Issuer. The Issuer shall be entitled to the advice of counsel (who, except as otherwise provided, may be counsel for any Bondholder), and the Issuer shall be wholly protected as to action taken or omitted in good faith in reliance on such advice. The Issuer may rely conclusively on any communication or other document furnished to it hereunder and reasonably believed by it to be genuine. The Issuer shall not be liable for any action (a) taken by it in good faith and reasonably believed by it to be within its discretion or powers hereunder, or (b) in good faith omitted to be taken by it because such action was reasonably believed to be beyond its discretion or powers hereunder, or (c) taken by it pursuant to any direction or instruction by which it is governed hereunder, or (d) omitted to be taken by it by reason of the lack of any direction or instruction required hereby for such action; nor shall it be responsible for the consequences of any error of judgment reasonably made by it. The Issuer shall in no event be liable for the application or misapplication of funds or for other acts or defaults by any person, except its own officers and employees. When any payment or consent or other action by it is called for hereby, it may defer such action pending receipt of such evidence (if any) as it may require in support thereof. The Issuer shall not be required to take any remedial action (other than the giving of notice) unless indemnity in a form acceptable to the Issuer is furnished for any expense or liability to be incurred in connection with such remedial action, other than liability for failure to meet the standards set forth in this Section. The Issuer shall be entitled to reimbursement from the Borrower for its expenses reasonably incurred or advances reasonably made, with interest at the rate of interest on the Bonds, in the exercise of its rights or the performance of its obligations hereunder, to the extent that it acts without previously obtaining indemnity. No permissive right or power to act which the Issuer may have shall be construed as a requirement to act; and no delay in the exercise of a right or power shall affect its subsequent exercise of the right or power.

A default by the Borrower in any of its covenants, representations and agreements in the Loan Agreement, the Supplemental Agreement, the Regulatory Agreement or Tax Certificate on which the Issuer is relying in Sections 6.06 through 6.12 hereof shall not be considered a default hereunder by the Issuer.

The Borrower has indemnified the Issuer against certain acts and events as set forth in Section 6.7 of the Loan Agreement and Section 9 of the Regulatory Agreement. Such indemnities shall survive payment of the Bonds and discharge of the Indenture.

ARTICLE VII

DEFAULT

Section 7.01. Events of Default; Acceleration; Waiver of Default. Each of the following events shall constitute an "Event of Default" hereunder:

- (a) failure to pay the principal of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;
- (b) failure to pay any installment of interest on any Bond when such interest installment shall become due and payable; and

(c) failure by the Issuer to perform or observe any other of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, and the continuation of such failure for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Issuer and the Borrower by the Bondowner Representative.

No default specified in (c) above shall constitute an Event of Default unless the Issuer or the Borrower shall have failed to correct such default within the applicable period; provided, however, that if the default shall be such that it cannot be corrected within such period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer or the Borrower within the applicable period and diligently pursued until the default is corrected; provided that the time elapsed until completion of corrective action shall not exceed one hundred eighty (180) days. With regard to any alleged default concerning which notice is given to the Borrower under the provisions of (c) above, the Issuer hereby grants the Borrower full authority for the account of the Issuer to perform any covenant or obligation the non-performance of which is alleged in said notice to constitute a default in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts and with power of substitution.

Following the occurrence of an Event of Default described in (a), (b) or (c) above, the Bondowner Representative may (i) by notice in writing to the Issuer and the Borrower (with a copy to the Investor Limited Partner), declare the principal of all the Bonds then outstanding, and the interest accrued and Premium thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding, and/or (ii) pursue such other remedies as are permitted under applicable law. Upon any such declaration of acceleration, the Bondowner Representative shall fix a date for payment of the Bonds.

The preceding paragraph, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, there shall have been deposited with the Bondowner Representative a sum sufficient to pay all the principal of the Bonds matured or required to be redeemed prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal, Premium, and the reasonable fees and expenses of the Bondowner Representative, its agents and counsel, and any and all other defaults actually known to a Responsible Officer of the Bondowner Representative (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Bondowner Representative or provision deemed by the Bondowner Representative to be adequate shall have been made therefor, then, and in every such case, the holders of at least a majority in aggregate principal amount of the Bonds then outstanding, by written notice to the Issuer and to the Bondowner Representative and with indemnification satisfactory to the Bondowner Representative, may, on behalf of the holders of all the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission, annulment or waiver shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Section 7.02. Institution of Legal Proceedings by Bondowner Representative. If one or more of the Events of Default shall occur, the Bondowner Representative in its discretion may proceed to protect or enforce its rights or the rights of the holders of Bonds under the Act or under this Indenture and the Agreement, by a suit in equity or action at

law, either for the specific performance of any covenant or agreement contained herein or therein, or in aid of the execution of any power herein or therein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Bondowner Representative shall deem most effectual in support of any of its rights or duties hereunder.

Section 7.03. Application of Moneys Collected by Bondowner Representative. Any moneys collected by the Bondowner Representative pursuant to Section 7.02 shall be applied in the order following, at the date or dates fixed by the Bondowner Representative and, in the case of distribution of such moneys on account of principal (or premium, if any) or interest, upon presentation of the Bonds and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

First: For payment of all amounts due to the Bondowner Representative under Section 8.06.

Second: For deposit in the Bond Fund to be applied to payment of the principal of all Bonds then due and unpaid, Premium and interest thereon with application as between principal, Premium and interest as the Bondowner Representative shall determine in its sole discretion; and if there is more than one Bondowner ratably to the persons entitled thereto without discrimination or preference.

Third: For payment of all other amounts due from the Borrower to any person hereunder or under the Loan Agreement.

Fourth: To the Borrower.

Section 7.04. Effect of Delay or Omission to Pursue Remedy. No delay or omission of the Bondowner Representative or of any holder of Bonds to exercise any right or power arising from any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every power and remedy given by this Article VII to the Bondowner Representative or to the holders of Bonds may be exercised from time to time and as often as shall be deemed expedient. In case the Bondowner Representative shall have proceeded to enforce any right under this Indenture, and such proceedings shall have been discontinued or abandoned because of waiver or for any other reason, or shall have been determined adversely to the Bondowner Representative, then and in every such case the Issuer, the Bondowner Representative and the holders of the Bonds, severally and respectively, shall be restored to their former positions and rights hereunder in respect to the trust estate; and all remedies, rights and powers of the Issuer, the Bondowner Representative and the holders of the Bonds shall continue as though no such proceedings had been taken.

Section 7.05. Remedies Cumulative. No remedy herein conferred upon or reserved to the Bondowner Representative or to any holder of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

Section 7.06. Covenant to Pay Bonds in Event of Default. The Issuer covenants that, upon the happening of any Event of Default, the Issuer will pay to the Bondowner Representative upon demand, but only out of Revenues, for the benefit of the holders of the Bonds, the whole amount then due and payable thereon (by declaration or otherwise) for interest or for principal, or both, as the case may be, Premium and all other sums which

may be due hereunder or secured hereby, including reasonable compensation to the Bondowner Representative, its agents and counsel, and any expenses or liabilities incurred by the Bondowner Representative hereunder. In case the Issuer shall fail to pay the same forthwith upon such demand, the Bondowner Representative, in its own name, and upon being indemnified to its satisfaction shall be entitled to institute proceedings at law or in equity in any court of competent jurisdiction to recover judgment for the whole amount due and unpaid, together with costs and reasonable attorneys' fees, subject, however, to the condition that such judgment, if any, shall be limited to, and payable solely out of, Revenues and any other assets pledged, transferred or assigned to the Bondowner Representative under Section 5.04 as herein provided and not otherwise. The Bondowner Representative shall be entitled to recover such judgment as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of this Indenture, and the right of the Bondowner Representative to recover such judgment shall not be affected by the exercise of any other right, power or remedy for the enforcement of the provisions of this Indenture.

Section 7.07. Bondowner Representative Appointed Agent for Bondholders. The Bondowner Representative is hereby appointed the agent of the holders of all Bonds outstanding hereunder for the purpose of filing any claims relating to the Bonds.

Section 7.08. Power of Bondowner Representative to Control Proceedings. In the event that the Bondowner Representative, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the written request of the holders of a majority in principal amount of the Bonds then outstanding, it shall have full power, in the exercise of its discretion for the best interests of the holders of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Bondowner Representative shall not, unless there no longer continues an Event of Default hereunder, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the holders of at least a majority in principal amount of the Bonds outstanding hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 7.09. Limitation on Bondholders' Right to Sue. No holder of any Bond issued hereunder (except the Bondowner Representative, if it is a holder of Bonds) shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such holder shall have previously given to the Bondowner Representative written notice of the occurrence of an Event of Default hereunder; (b) the holders of at least a majority in aggregate principal amount of all the Bonds then outstanding shall have made written request upon the Bondowner Representative to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said holders shall have tendered to the Bondowner Representative indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Bondowner Representative shall have refused or omitted to comply with such request for a period of thirty (30) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Bondowner Representative.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any holder of Bonds (except the Bondowner Representative, if it is a holder of Bonds) of any remedy hereunder; it being understood and intended that no one or more holders of Bonds (except the Bondowner Representative, if it is a holder of Bonds) shall have any right in any manner

whatever by its or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all holders of the outstanding Bonds.

The right of any holder of any Bond to receive payment of the principal of (and premium, if any) and interest on such Bond out of Revenues, as herein and therein provided, on and after the respective due dates expressed in such Bond, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such holder, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

Section 7.10. Limitation of Liability to Revenues. Notwithstanding anything in this Indenture contained, the Issuer shall not be required to advance any moneys derived from the proceeds of taxes collected by the Issuer, by the State of California or by any political subdivision thereof or from any source of income of any of the foregoing other than the Revenues for any of the purposes mentioned in this Indenture, whether for the payment of the principal of or interest on the Bonds or for any other purpose of this Indenture. The Bonds are limited obligations of the Issuer, and are payable from and secured by the Revenues only. The Issuer, in its capacity as issuer of the Bonds, shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with the Loan Agreement, the other Loan Documents, the Bonds or this Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement or the Supplemental Agreement.

ARTICLE VIII

THE BONDOWNER REPRESENTATIVE AND AGENTS

Section 8.01. Duties, Immunities and Liabilities of Bondowner Representative. The Bondowner Representative shall perform such duties and only such duties as are specifically set forth in this Indenture and no additional covenants or duties of the Bondowner Representative shall be implied in this Indenture. All of the provisions of the next two paragraphs of this Section 8.01 shall be effective if and only during such time as the Bondowner Representative is not the sole owner of the Bonds.

The Bondowner Representative shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as reasonable persons familiar with such matters would exercise or use under similar circumstances in the conduct of their own affairs.

No provision of this Indenture shall be construed to relieve the Bondowner Representative from liability for its own negligent action or its own negligent failure to act, except that:

- (a) the duties and obligations of the Bondowner Representative shall be determined solely by the express provisions of this Indenture, the Bondowner Representative shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Bondowner

Representative; and in the absence of bad faith on the part of the Bondowner Representative, the Bondowner Representative may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Bondowner Representative conforming to the requirements of this Indenture;

(b) At all times, regardless of whether or not any Event of Default shall exist, (1) the Bondowner Representative shall not be liable for any error of judgment made in good faith by a Responsible Officer or officers or by any agent or attorney of the Bondowner Representative appointed with due care unless (except as otherwise provided in Section 8.01(f)) the Bondowner Representative was negligent in ascertaining the pertinent facts; and (2) the Bondowner Representative shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Issuer, accompanied by an opinion of Bond Counsel as provided herein or in accordance with the directions of the holders of not less than a majority, or such other percentage as may be required hereunder, in aggregate principal amount of the Bonds at the time outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Bondowner Representative, or exercising any trust or power conferred upon the Bondowner Representative under this Indenture;

(c) The Bondowner Representative shall not be required to take notice or be deemed to have notice of (i) any default hereunder or under the Loan Agreement, except defaults under Section 7.01(a) or (b) hereof, unless a Responsible Officer of the Bondowner Representative shall be specifically notified in writing of such default by the Issuer or the owners of at least a majority in aggregate principal amount of all Bonds then outstanding, or (ii) any default under the Regulatory Agreement unless a Responsible Officer of the Bondowner Representative shall be specifically notified in writing of such default by the Issuer;

(d) Before taking any action under Article VII hereof or this Section at the request or direction of the Bondholders, the Bondowner Representative may require that a satisfactory indemnity bond be furnished by the Bondholders, for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken;

(e) Upon any application or request by the Issuer to the Bondowner Representative to take any action under any provision of this Indenture, the Issuer shall furnish to the Bondowner Representative a Certificate of the Issuer stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and an Opinion of Counsel stating that in the opinion of such Counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished;

(f) The Bondowner Representative may execute any of the powers hereunder or perform any duties hereunder either directly or through agents or attorneys and the Bondowner Representative shall not be responsible for any negligence or misconduct on the part of any agent or attorney appointed with due care by it hereunder (but this provision shall not prohibit any action against any such agent or attorney for their negligent acts);

(g) Neither the Issuer nor the Borrower shall be deemed to be agents of the Bondowner Representative for any purpose, and the Bondowner Representative shall not be liable for any noncompliance of any of them in connection with their respective duties hereunder or in connection with the transactions contemplated hereby;

(h) The Bondowner Representative shall be entitled to rely upon telephonic notice for all purposes whatsoever so long as the Bondowner Representative reasonably believes such telephonic notice has been given by a person authorized to give such notice;

(i) The immunities extended to the Bondowner Representative also extend to its directors, officers and employees;

(j) Under no circumstances shall the Bondowner Representative be liable in its individual capacity for the obligations evidenced by the Bonds, it being the sole obligation of the Bondowner Representative to administer, for the benefit of the Bondholders, the various funds and accounts established hereunder;

(k) No permissive power, right or remedy conferred upon the Bondowner Representative hereunder shall be construed to impose a duty to exercise such power, right or remedy;

(l) The Bondowner Representative shall not be liable for any action taken or not taken by it in accordance with the direction of a majority in aggregate principal amount of Bonds Outstanding related to the exercise of any right, power or remedy available to the Bondowner Representative; and

(m) The Bondowner Representative shall have no duty to review any financial statements or budgets filed with it by the Borrower under the Loan Agreement.

None of the provisions contained in this Indenture shall require the Bondowner Representative to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers. Whether or not therein expressly so provided, every provision of this Indenture, the Loan Agreement, the Regulatory Agreement or any other document relating to the conduct, powers or duties of, or affecting the liability of, or affording protection to, the Bondowner Representative shall be subject to the provisions of this Article VIII.

Section 8.02. Right of Bondowner Representative to Rely Upon Documents, Etc.
Except as otherwise provided in Section 8.01:

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

(b) Any consent, demand, direction, election, notice, order or request of the Issuer mentioned herein shall be sufficiently evidenced by a Written Consent, Written Demand, Written Direction, Written Election, Written Notice, Written Order

or Written Request of the Issuer, and any resolution of the Issuer may be evidenced to the Bondowner Representative by a Certified Resolution;

(c) The Bondowner Representative may consult with counsel (who may be counsel for the Issuer, counsel for the Bondowner Representative or Bond Counsel) and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel;

(d) Whenever in the administration of this Indenture the Bondowner Representative shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Bondowner Representative, be deemed to be conclusively proved and established by a Certificate of the Issuer; and such Certificate of the Issuer shall, in the absence of negligence or bad faith on the part of the Bondowner Representative, be full warrant to the Bondowner Representative for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof; and

(e) The Bondowner Representative 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, debenture or other paper or document, but the Bondowner Representative, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

Section 8.03. Bondowner Representative Not Responsible for Recitals. The recitals contained herein and in the Bonds shall be taken as the statements of the Issuer, and the Bondowner Representative assumes no responsibility for the correctness of the same or for the correctness of the recitals in the Loan Agreement or the Regulatory Agreement. The Bondowner Representative shall have no responsibility with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the Bonds. The Bondowner Representative makes no representations as to the value or condition of any assets pledged or assigned as security for the Bonds, or as to the right, title or interest of the Issuer therein, or as to the security provided thereby or by this Indenture, the Loan Agreement or the Deed of Trust, or as to the compliance of the Development with the Act, or as to the tax-exempt status of the Bonds, or as to the technical or financial feasibility of the Development, or as to the validity or sufficiency of this Indenture as an instrument of the Issuer or of the Bonds as obligations of the Issuer. The Bondowner Representative shall not be accountable for the use or application by the Issuer of any of the Bonds authenticated or delivered hereunder or of the use or application of the proceeds of such Bonds by the Issuer or the Borrower or their agents.

Section 8.04. Intervention by Bondowner Representative. So long as and only during any period in which the Bondowner Representative is not the sole owner of the Bonds, the Bondowner Representative may intervene on behalf of the owners of the Bonds in any judicial proceeding to which the Issuer is a party and which, in the opinion of the Bondowner Representative and its counsel, has a substantial bearing on the interests of owners of the Bonds and, subject to the provisions of Section 8.01(d), shall do so if requested in writing by the owners of a majority in aggregate principal amount of all Bonds then outstanding.

Section 8.05. Moneys Received by Bondowner Representative to be Held in Trust.

So long as and only during any period in which the Bondowner Representative is not the sole owner of the Bonds, all moneys received by the Bondowner Representative shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law or as otherwise provided herein. The Bondowner Representative shall be under no liability for interest on any moneys received by it hereunder except such as it may agree with the Issuer to pay thereon.

Section 8.06. Compensation and Indemnification of Bondowner Representative and Agents. The Borrower is required under the Loan Agreement: (1) to pay to the Bondowner Representative reasonable compensation for all services rendered by it hereunder and under the other agreements related to the Bonds to which it is a party; (2) except as otherwise expressly provided herein, to reimburse the Bondowner Representative upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bondowner Representative in accordance with any provision of this Indenture or other agreement related to the Bonds to which the Bondowner Representative is a party or incurred in complying with any request made by the Issuer with respect to the Bonds (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance attributable in whole or in part to its gross negligence or willful misconduct; (3) to indemnify the Bondowner Representative for, and to hold it harmless against, any loss, liability or expense incurred without gross negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of the duties of the Bondowner Representative under this Indenture, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder or other agreement related hereto to which the Bondowner Representative is a party; and (4) to indemnify the Bondowner Representative for any reasonable costs incurred during a period of default hereunder.

If any property, other than cash, shall at any time be held by the Bondowner Representative subject to this Indenture, or any supplemental indenture, as security for the Bonds, the Bondowner Representative, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Indenture as such security for the Bonds, shall be entitled but not obligated to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The rights of the Bondowner Representative to compensation for services and to payment or reimbursement for expenses, disbursements, liabilities and advances shall have and is hereby granted a lien and a security interest prior to the Bonds in respect of all property and funds held or collected by the Bondowner Representative as such, except funds held in trust by the Bondowner Representative for the benefit of the holders of particular Bonds, which amounts shall be held solely for the benefit of the Bondholders and used only for the payment of principal of and premium, if any, and interest on the Bonds. The Bondowner Representative's rights to immunities, indemnities and protection from liability hereunder and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment of the Bonds.

Section 8.07. Qualifications of Bondowner Representative. There shall at all times be a Bondowner Representative hereunder which shall be a nonprofit corporation, or a corporation or banking association organized and doing business under the laws of the United States or of a state thereof. Any change in the Bondowner Representative shall be only at the written request of a majority of the principal amount of all of the Bonds outstanding, and any successor Bondowner Representative shall be the owner of a majority

in principal amount of the Bonds then Outstanding or an affiliate thereof, or a person selected by the owner(s) of a majority in principal amount of the Bonds then Outstanding who is reasonably acceptable to the Issuer. Any successor Bondowner Representative shall acknowledge its acceptance of its obligations under this Indenture by a written instrument delivered to the Issuer, the Borrower and, if the successor is not the sole owner of all of the Bonds then Outstanding, the owners of the Bonds.

Section 8.08. Merger or Consolidation of Bondowner Representative. Any corporation or association into which the Bondowner Representative may be merged or with which it may be consolidated, or any corporation or association resulting from any merger or consolidation to which the Bondowner Representative shall be a party, or any person succeeding to the corporate trust business of the Bondowner Representative, shall be the successor of the Bondowner Representative hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor Bondowner Representative shall be eligible under the provisions of the first sentence of Section 8.07.

Section 8.09. Dealing in Bonds. The Bondowner Representative, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Bonds, and may join in any action which any Bondholder may be entitled to take with like effect as if it did not act in any capacity hereunder. The Bondowner Representative in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer, and may act as depository, Bondowner Representative or agent for any committee or body of Bondholders secured hereby or other obligations of the Issuer as freely as if it did not act in any capacity hereunder.

Section 8.10. Indemnification of Issuer by Bondowner Representative. The Bondowner Representative acknowledges that notwithstanding any other provision of this Indenture, the Bondowner Representative is acting as an independent contractor and not as the agent of Issuer in servicing and administering the Bonds and the Loan. The Bondowner Representative agrees to indemnify, hold harmless and defend Issuer and its respective Boardmembers, members, officers, agents and employees against all loss, costs, damages, expenses, suits, judgments, actions and liabilities of whatever nature (including, without limitation, attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from or arising out of or related to any act or omission on the part of the Bondowner Representative under this Indenture caused by the negligence or willful misconduct of the Bondowner Representative.

ARTICLE IX

MODIFICATION OF INDENTURE

Section 9.01. Modification of Indenture. With the prior written consent of the Bondowner Representative, the Issuer and the Bondowner Representative may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture. Upon receipt by the Bondowner Representative of a Certified Resolution authorizing the execution of any such supplemental indenture, and upon the written consent of the Bondowner Representative thereto, the Bondowner Representative shall join with the Issuer in the execution of such supplemental indenture, unless such supplemental indenture affects the rights or

obligations of the Borrower or any general partner or limited partner of the Borrower hereunder or under the Loan Agreement, in which case the Bondowner Representative shall enter into such supplemental indenture only if the Bondowner Representative has received the Borrower's, or such general partner's or limited partner's, as applicable, written consent thereto.

Promptly after the execution by the Issuer and the Bondowner Representative of any supplemental indenture pursuant to the provisions of this Section, if the Bondowner Representative is not the sole owner of the Bonds then Outstanding, the Bondowner Representative shall give Bondholders, by first class mail, a notice setting forth in general terms the substance of such supplemental indenture. Any failure of the Bondowner Representative to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions of this Article IX, this Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Bondowner Representative and all holders of outstanding Bonds shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03. Opinion of Counsel as to Supplemental Indenture. Subject to the provisions of Section 8.01, the Bondowner Representative shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant to the provisions of this Article IX is authorized and permitted by this Indenture.

Section 9.04. Notation of Modification on Bonds; Preparation of New Bonds. Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article IX may bear a notation, in form approved by the Bondowner Representative and the Issuer as to any matter provided for in such supplemental indenture, and if such supplemental indenture shall so provide, new Bonds, so modified as to conform, in the opinion of the Bondowner Representative and the Issuer, to any modification of this Indenture contained in any such supplemental indenture, may be prepared and authenticated by the Bondowner Representative and delivered without cost to the holders of the Bonds then outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. If the entire indebtedness on all Bonds outstanding shall be paid and discharged in any one or more of the following ways:

(a) by the payment of the principal of (including redemption premium, if any) and interest on all Bonds outstanding; or

(b) by the delivery to the Bondowner Representative, for cancellation by it, of all Bonds outstanding;

and if all other sums payable hereunder by the Issuer shall be paid and discharged, then and in that case this Indenture shall cease, terminate and become null and void, and the Bondowner Representative shall forthwith execute proper instruments acknowledging satisfaction of and discharging this Indenture. The fees, expenses and charges of the Bondowner Representative (including reasonable counsel fees) must be paid in order to effect such discharge. The satisfaction and discharge of this Indenture shall be without prejudice to the rights of the Bondowner Representative to charge and be reimbursed by the Borrower for any expenditures which it may thereafter incur in connection herewith.

The Issuer or the Borrower may at any time surrender to the Bondowner Representative for cancellation by it any Bonds previously authenticated and delivered which the Issuer or the Borrower lawfully may have acquired in any manner whatsoever, and such Bonds upon such surrender and cancellation shall be deemed to be paid and retired.

Section 10.02. Payment of Bonds after Discharge of Indenture. Notwithstanding any provisions of this Indenture, any moneys deposited with the Bondowner Representative or any paying agent in trust for the payment of the principal of, or interest or premium on, any Bonds remaining unclaimed for two (2) years after the principal of all the outstanding Bonds has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in this Indenture), shall then be paid to the Issuer, and the holders of such Bonds shall thereafter be entitled to look only to the Issuer for payment thereof, and only to the extent of the amount so paid to the Issuer, and all liability of the Bondowner Representative or any paying agent with respect to such moneys shall thereupon cease. In the event of the payment of any such moneys to the Issuer as aforesaid, the holders of the Bonds in respect of which such moneys were deposited shall thereafter be deemed to be unsecured creditors of the Issuer for amounts equivalent to the respective amounts deposited for the payment of such Bonds and so paid to the Issuer (without interest thereon).

ARTICLE XI

MISCELLANEOUS

Section 11.01. Successors of Issuer. All the covenants, stipulations, promises and agreements in this Indenture contained, by or on behalf of the Issuer, shall bind and inure to the benefit of its successors and assigns, whether so expressed or not. If any of the powers or duties of the Issuer shall hereafter be transferred by any law of the State of California, and if such transfer shall relate to any matter or thing permitted or required to be done under this Indenture by the Issuer, then the body or official who shall succeed to such powers or duties shall act and be obligated in the place and stead of the Issuer as in this Indenture provided.

Section 11.02. Limitation of Rights to Parties and Bondholders. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Issuer, the Bondowner Representative, the Borrower and the holders of the Bonds issued hereunder any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Issuer, the Bondowner Representative, the Borrower and the holders of the Bonds issued hereunder.

Section 11.03. Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.04. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Bondowner Representative and the delivery to the Issuer of any Bonds, the Bondowner Representative may, in lieu of such cancellation and delivery, destroy such Bonds and deliver a certificate of such destruction to the Issuer.

Section 11.05. Separability of Invalid Provisions. In case any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, but this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 11.06. Notices. It shall be sufficient service of any notice, request, demand or other paper on the Issuer, the Bondowner Representative, the Investor Limited Partner or the Borrower if the same shall, except as otherwise provided herein, be duly mailed by first class mail, postage prepaid, by overnight delivery service or given by telephone or telecopier and confirmed by such mail, and to the other parties as follows:

- | | |
|-------------------------------|---|
| The Issuer: | County of Contra Costa
Department of Conservation and Development
2530 Arnold Drive, Suite 190
Martinez, CA 94553-1229
Attention: Deputy Director – Redevelopment |
| The Bondowner Representative: | Wells Fargo Bank, National Association
420 Montgomery Street, 11 th Floor
MAC# A0101-11B
San Francisco, CA 94014
Attention: Loan Administration |
| The Borrower: | Los Medanos Village, L.P.
c/o Resources for Community Development
2730 Telegraph Avenue
Berkeley, CA 94705
Attention: Director of Finance and Asset
Management |
| with a copy to: | Gubb & Barshay, LLP
50 California Street, Suite 3155
San Francisco, CA 94111
Attention: Scott Barshay, Esq. |
| and a copy to: | the Investor Limited Partner |

The Investor Limited Partner: Wincopin Circle LLLP
c/o Enterprise Community Investment, Inc.
10227 Wincopin Circle, Suite 800
Columbia, MD 21044
Attention: General Counsel

The Issuer, the Bondowner Representative, the Borrower and the Investor Limited Partner may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 11.07. Authorized Representatives. Whenever under the provisions of this Indenture the approval of the Issuer or the Borrower is required for any action, and whenever the Issuer or the Borrower is required to deliver any notice or other writing, such approval or such notice or other writing shall be given, respectively, on behalf of the Issuer by the Authorized Issuer Representative or on behalf of the Borrower by the Authorized Borrower Representative, and the Issuer, the Bondowner Representative and the Borrower shall be authorized to act on any such approval or notice or other writing and neither party hereto nor the Borrower shall have any complaint against the others as a result of any such action taken.

Section 11.08. Evidence of Rights of Bondholders. (a) Any request, consent or other instrument required by this Indenture to be signed and executed by Bondholders may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bondholders in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the ownership of any Bonds, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Bondowner Representative and of the Issuer if made in the manner provided in this Section.

(b) The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument or writing acknowledged to him the execution thereof.

(c) The ownership of Bonds shall be proved by the Bond register maintained pursuant to Section 2.06 hereof. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of Bonds held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Bondowner Representative may deem sufficient. The Bondowner Representative may nevertheless, in its discretion, require further proof in cases where it may deem further proof desirable.

(d) Any request, consent or vote of the holder of any Bond shall bind every future holder of the same Bond and the holder of any Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Bondowner Representative or the Issuer in pursuance of such request, consent or vote.

(e) In determining whether the holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned by the Issuer or by any other direct or indirect obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Issuer or any other direct or indirect obligor on the Bonds, shall be disregarded and deemed not to be outstanding for the purpose of any

such determination, provided that, for the purpose of determining whether the Bondowner Representative shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Bondowner Representative knows to be so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as outstanding for the purposes of this subsection (e) if the pledgee shall establish to the satisfaction of the Bondowner Representative and the Issuer the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Issuer or any other direct or indirect obligor on the Bonds. In case of a dispute as to such right, any decision by the Bondowner Representative taken upon the advice of counsel shall be full protection to the Bondowner Representative. Solely for purposes of the limitation expressed in this paragraph (e), the Borrower shall be deemed to be an indirect obligor on the Bonds.

(f) In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Bondowner Representative may call and hold a meeting of the Bondholders upon such notice and in accordance with such rules and regulations as the Bondowner Representative considers fair and reasonable for the purpose of obtaining any such action.

Section 11.09. Waiver of Personal Liability. No officer, agent, member of the Board of Supervisors or employee of the Issuer, and no officer, official, agent or employee of the State of California or any department, board or agency of any of the foregoing, shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such person from the performance of any official duty provided by law or by this Indenture.

Section 11.10. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the date provided therefor in this Indenture and, in the case of any payment, no interest shall accrue for the period from and after such date.

Section 11.11. Execution in Several Counterparts. This Indenture 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 shall together constitute but one and the same instrument.

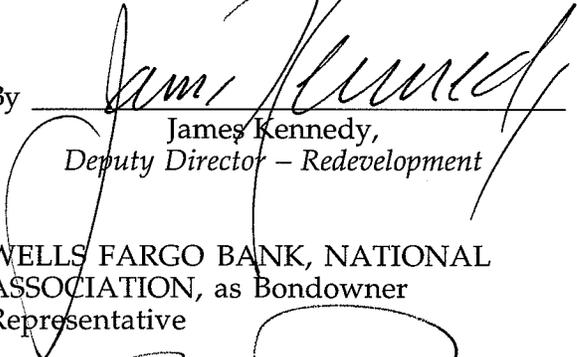
Section 11.12. Governing Law. This Indenture shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in such State.

Section 11.13. Successors. Whenever in this Indenture either the Issuer or the Bondowner Representative is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Issuer or the Bondowner Representative shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

IN WITNESS WHEREOF, the COUNTY OF CONTRA COSTA has caused this Indenture to be signed in its name and WELLS FARGO BANK, NATIONAL ASSOCIATION, in token of its acceptance of the duties of the Bondowner Representative hereunder, has caused this Indenture to be signed in its name, all as of the day and year first above written.

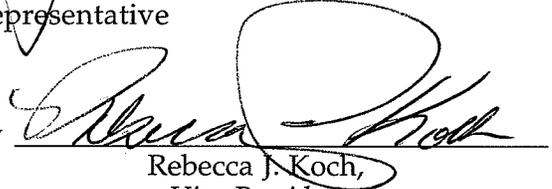
COUNTY OF CONTRA COSTA

By


James Kennedy,
Deputy Director - Redevelopment

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Bondowner
Representative

By


Rebecca J. Koch,
Vice President

03007.22:J10078

EXHIBIT A
FORM OF BOND

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THE TRANSFERABILITY HEREOF IS RESTRICTED BY THE TERMS OF THE INDENTURE DESCRIBED HEREIN.

COUNTY OF CONTRA COSTA
MULTIFAMILY HOUSING REVENUE BOND
(LOS MEDANOS VILLAGE),
SERIES 2008D-__ (_____ LOAN)

REGISTERED OWNER: WELLS FARGO BANK, NATIONAL ASSOCIATION

PRINCIPAL SUM: _____ DOLLARS

DATED DATE: November 6, 2008

The County of Contra Costa, a political subdivision and body corporate and politic of the State of California, duly organized and existing under the Constitution and laws of the State of California (herein called the "Issuer"), for value received, hereby promises to pay (but only out of Revenues as hereinafter provided) to the Registered Owner identified above or registered assigns, on _____ 1, ____ (subject to prior redemption as provided herein) the sum of up to _____ Million _____ Hundred _____ Thousand Dollars (\$_____) in lawful money of the United States, with interest thereon from the date of disbursement until paid at the rate described below. The actual unpaid principal hereof shall be equal to the funds disbursed by the Bondowner under the Indenture (as defined below) to fund the Loan (as defined below), less any portion of the principal hereof redeemed pursuant to the Indenture. Capitalized terms used in this Bond and not defined herein shall have the meanings given such terms in the Indenture.

The Issuer shall make monthly payments on this Bond of accrued interest only on funds actually disbursed by the Bondowner under the Indenture to fund the Loan to the Borrower under the Loan Agreement. This Bond shall bear interest, payable on the first day of each month, commencing December 1, 2008 (each, an "Interest Payment Date") at the same rate of interest as in effect from time to time on the [Term][Construction] Note, and computed in the same manner as interest is computed from time to time on the [Term][Construction] Note, as provided in Section 2.02 of the Indenture. In addition, principal of this Bond shall be payable in installments on the same dates and in the same amounts as is the principal payable on the Loan, as evidenced by the [Term][Construction] Note, as provided in Section 2.02 of the Indenture.

This Bond shall bear interest from the date to which interest has been paid on this Bond next preceding the date of authentication hereof, unless this Bond is authenticated as of an Interest Payment Date for which interest has been paid, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the first Interest Payment Date, in which event it shall bear interest from the Closing Date.

In the event the Issuer fails to make the timely payment of any monthly payment, the Issuer shall pay interest on the then Outstanding Balance at a default rate (the "Default Rate") equal to the interest rate then in effect under this Bond plus five percent (5%) (solely from amounts received from the Borrower as late charges the Default Rate under the Loan Agreement (as defined in the Indenture), subject to any maximum rate specified for the Note as provided in the Supplemental Agreement (as such terms are defined in the Indenture).

This Bond is one of a duly authorized issue of bonds of the Issuer designated as "County of Contra Costa Multifamily Housing Revenue Bonds (Los Medanos Village), Series 2008D-__ (_____ Loan)" (the "Bonds"), in the initial aggregate principal amount [of up] to \$_____,* authorized to be issued pursuant to Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California, and issued under and secured by an Indenture of Trust, dated as of November 1, 2008 (the "Indenture"), between the Issuer and Wells Fargo Bank, National Association, as the initial Bondowner Representative. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Bondowner Representative and of the rights and obligations of the Issuer thereunder, to all of the provisions of which Indenture the holder of this Bond, by acceptance hereof, assents and agrees. The proceeds of the Bonds will be used to make a loan to the Borrower pursuant to a Loan Agreement, dated as of November 1, 2008 (the "Loan Agreement") between the Issuer and the Borrower, to finance the construction of a residential rental project to be known as Los Medanos Village to be located in the City of Pittsburg, California. The Loan Agreement is subject to the terms of a Supplemental Agreement, dated as of November 1, 2008, among the Issuer, the Bondowner Representative and the Borrower.

THE BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE EXCLUSIVELY FROM REVENUES AND RECEIPTS UNDER THE INDENTURE. THE BONDS DO NOT CONSTITUTE A DEBT OF THE ISSUER, OR OF THE STATE OF CALIFORNIA, OR OF ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, OR OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF. THE BONDS SHALL NOT CONSTITUTE A GENERAL OBLIGATION OF OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE ISSUER, BUT SHALL BE A SPECIAL, LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES DESCRIBED IN THE INDENTURE, AND NOT OTHERWISE.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THIS BOND AGAINST ANY PAST, PRESENT OR FUTURE OFFICER, MEMBER OF THE BOARD OF SUPERVISORS, EMPLOYEE OR AGENT OF THE ISSUER, OR OF ANY SUCCESSOR TO THE ISSUER, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR TO THE ISSUER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, BOARDMEMBERS, EMPLOYEES OR AGENTS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS BOND.

* Subject to the provisions of the second paragraph of Section 2.01 of the Indenture referenced herein.

The Bonds are limited obligations of the Issuer and, as and to the extent set forth in the Indenture, are payable solely from, and secured by a pledge of and lien on, the Revenues (as that term is defined in the Indenture), consisting primarily of amounts paid by the Borrower pursuant to the Loan Agreement. The Indenture also authorizes the issuance of up to \$_____ * principal amount of the Issuer's County of Contra Costa Multifamily Housing Revenue Bonds (Los Medanos Village), 2008 Series D-__ (_____ Loan), which bonds are secured on a parity with the Bonds under the Indenture, except that any payment on or prepayment of the [Term][Construction] Note (as such term is defined in the Indenture) will be applied solely to the payment of such other series of bonds.

The Bonds shall be subject to redemption prior to maturity, at a price and upon such terms as are provided in the Indenture. No notice of redemption of Bonds need be given to the registered owners of the Bonds, and the owner of this Bond, by acceptance hereof, expressly waives any requirement for any notice of redemption.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture.

This Bond is transferable by the registered owner hereof, in person, or by its attorney duly authorized in writing, at the Principal Office of the Bondowner Representative, but only in the manner, subject to the limitations (including those contained in Section 2.05(b) of the Indenture) and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond will be issued to the transferee in exchange herefor. The Issuer and the Bondowner Representative may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Issuer and the Bondowner Representative shall not be affected by any notice to the contrary. By its acceptance of this Bond, the registered owner hereof agrees not to sell any participating interests in this Bond without the prior written consent of the Issuer which may be given in its sole discretion.

The Indenture contains provisions permitting the Issuer and the Bondowner Representative to execute supplemental indentures adding provisions to, or changing or eliminating any of the provisions of, the Indenture, subject to the limitations set forth in the Indenture. In the event of any inconsistency between the provisions of this Bond and the provisions of the Indenture, the provisions of the Indenture shall be controlling.

The Issuer hereby certifies that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California (including the Act) and that the amount of this Bond, together with all other indebtedness of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Bondowner Representative.

* Subject to the provisions of the second paragraph of Section 2.01 of the Indenture referenced herein.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name by the manual or facsimile signature of its Chair of the Board of Supervisors and attested by the manual or facsimile signature of its Clerk of the Board of Supervisors all as of the Dated Date above.

COUNTY OF CONTRA COSTA

By: _____
Chair of the Board of Supervisors

Attest:

By: _____
Clerk of the Board of Supervisors

FORM OF CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture and has been authenticated and registered on this date:

Date: _____

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Bondowner
Representative

By _____
Authorized Officer

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned, hereby sells, assigns and transfers unto _____ (Tax Identification or Social Security No. _____) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power or substitution in the premises.

Date: _____

Signature Guaranteed:
NOTICE: Signature(s) must be guaranteed by a signature guarantor institution that is a participant in a nationally recognized signature guarantor program.

Signature
NOTICE: The signature to this assignment must correspond with the name of the registered owner of the within bond as it appears on the face hereof in every particular, without alteration or enlargement or any change whatever, and the Social Security number or federal employer identification must be supplied.

EXHIBIT B

FORM OF INVESTOR'S LETTER

County of Contra Costa
Martinez, California

Wells Fargo Bank, National Association
San Francisco, California

Re: County of Contra Costa Multifamily Housing Revenue Bonds (Los Medanos Village), Series 2008D-1 (Term Loan) and Series 2008D-2 (Construction Loan)

Ladies and Gentlemen:

The undersigned (the "Purchaser"), being the purchaser of the above-referenced bonds (the "Bonds") does hereby certify, represent and warrant for the benefit of the County of Contra Costa (the "Issuer") and Wells Fargo Bank, National Association, as Bondowner Representative (the "Bondowner Representative") that:

(a) The Purchaser is a Qualified Institutional Buyer, as such term is defined in the Indenture of Trust, dated as of November 1, 2008 (the "Indenture") between the Issuer and the Bondowner Representative.

(b) The Purchaser has sufficient knowledge and experience in financial and business matters, including the purchase and ownership of tax-exempt obligations, and is capable of evaluating the merits and risks of its investment in the Bonds. The Purchaser is able to bear the economic risk of, and an entire loss of, an investment in the Bonds.

(c) The Purchaser is acquiring the Bonds solely for its own account for investment purposes, and does not presently intend to make a public distribution of, or to resell or transfer, all or any part of the Bonds, except as may be permitted by the Indenture.

(d) The Purchaser understands that the Bonds have not been registered under the Securities Act of 1933, as amended, or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

(e) The Purchaser is familiar with the conditions, financial and otherwise, of the Borrower (as defined in the Indenture) and understands that the Borrower has no significant assets other than the Development for payment of the Bonds. Further, the Purchaser understands that the Bonds involve a high degree of risk. Specifically, and without in any manner limiting the foregoing, the Purchaser understands and acknowledges that, among other risks, the Bonds are payable solely from the Revenues (as defined in the Indenture). The Purchaser has been provided an

opportunity to ask questions of, and the Purchaser has received answers from, representatives of the Borrower and the Bondowner Representative regarding the terms and conditions of the Bonds. The Purchaser has obtained all information requested by it in connection with the issuance of the Bonds as it regards necessary to evaluate all merits and risks of its investment in the Bonds. The Purchaser has reviewed the documents executed in conjunction with the issuance of the Bonds, including, without limitation, the Indenture and the Loan Agreement and the Supplemental Agreement (as such terms are defined in the Indenture).

(f) The Purchaser is not now and has never been controlled by, or under common control with, the Borrower. The Borrower has never been and is not now controlled by the Purchaser. The Purchaser has entered into no arrangements with the Borrower or with any affiliate in connection with the Bonds, other than as disclosed in writing to the Issuer.

(g) The Purchaser has authority to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds. The individual who is signing this letter on behalf of the Purchaser is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the certificates, representations and warranties contained herein by execution of this letter on behalf of the Purchaser.

(h) In entering into this transaction, the Purchaser has not relied upon any representations or opinions of the Issuer or the Bondowner Representative relating to the legal consequences or other aspects of its investment in the Bonds, nor has it looked to, nor expected, the Issuer to undertake or require any credit investigation or due diligence reviews relating to the Borrower, its financial condition or business operations, the Development (as defined in the Indenture), including the financing or management thereof, or any other matter pertaining to the merits or risks of the transactions contemplated by the Loan Agreement and the Indenture, or the adequacy of the funds pledged to the Bondowner Representative to secure repayment of the Bonds.

(i) The Purchaser understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the Issuer, the State of California or any political subdivision or taxing district thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the Issuer, the State of California or any political subdivision thereof; that no right will exist to have taxes levied by the State of California or any political subdivision thereof for the payment of principal and interest on the Bonds; and that the liability of the Issuer with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.

(j) The Purchaser has been informed that the Bonds (i) have not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, (ii) will not be listed on any stock or other securities exchange, and (iii) will carry no rating from any rating service.

(k) The Purchaser acknowledges that it has the right to sell and transfer the Bonds, subject to compliance with the transfer restrictions set forth in Section 2.05 of the Indenture, including in certain circumstances the requirement for the delivery to the Issuer and the Bondowner Representative of an investor's letter in the same form as this Investor's Letter, including this paragraph. Failure to comply with the

provisions of Section 2.05 of the Indenture shall cause the purported transfer to be null and void.

(l) None of the Bondowner Representative, Bond Counsel, the Issuer, its members, its governing body, or any of its employees or agents will have any responsibility to the Purchaser for the accuracy or completeness of information obtained by the Purchaser from any source regarding the Borrower or its financial condition or regarding the Bonds, the provision for payment thereof, or the sufficiency of any security therefor. No written information has been provided by the Issuer to the Purchaser with respect to the Bonds. The Purchaser acknowledges that, as between the Purchaser and all of such parties, the Purchaser has assumed responsibility for obtaining such information and making such review as the Purchaser deemed necessary or desirable in connection with its decision to purchase the Bonds.

(m) The Purchaser acknowledges that the Bonds are exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the Issuer has not undertaken to provide any continuing disclosure with respect to the Bonds.

The Purchaser acknowledges that the sale of the Bonds to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressees hereto. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

Dated: _____, 20__

[PURCHASER]

By: _____
Name: _____
Title: _____

**UP TO \$13,672,085
COUNTY OF CONTRA COSTA
MULTIFAMILY HOUSING REVENUE BONDS
(LOS MEDANOS VILLAGE), SERIES 2008D
consisting of:
\$837,000 Series 2008D-1 (Term Loan)
Up to \$12,835,085 Series 2008D-2 (Construction Loan)**

CERTIFICATE REGARDING RESOLUTION NO. 2008/619

November 6, 2008

The undersigned hereby states and certifies:

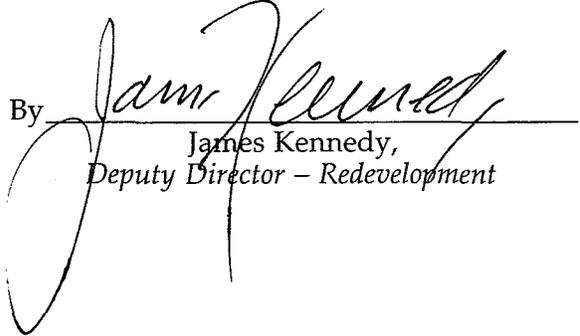
(i) that the undersigned is the duly appointed, qualified and acting Deputy Director – Redevelopment of the Conservation and Development Department of the County of Contra Costa, a political subdivision duly organized and existing under the laws of the State of California (the “County”), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same on behalf of the County;

(ii) that attached hereto is a true, correct and complete copy of Resolution No. Resolution No. 2008/619, entitled “In the Matter of Resolution Authorizing the Issuance, Sale and Delivery of County of Contra Costa Multifamily Housing Revenue Bonds (Los Medanos Village), Series 2008D, Approving, and Authorizing the Execution and Delivery of, Other Related Documents and Approving Other Related Actions in Connection Therewith,” adopted by the Board of Supervisors of the County on September 23, 2008 (the “Resolution”), which Resolution has not been amended, modified, supplemented, rescinded or repealed and is in full force and effect as of the date hereof.

[SIGNATURE PAGE TO FOLLOW]

[SIGNATURE PAGE TO CERTIFICATE REGARDING RESOLUTION NO. 2008/619]

COUNTY OF CONTRA COSTA

By  _____
James Kennedy,
Deputy Director – Redevelopment

THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY,
CALIFORNIA

Adopted this Resolution on September 23, 2008, by the following vote:

AYES: *Coia, Wilkema, Piepho, Bonilla & Glover*

NOES: *None*

ABSENT: *None*

ABSTAIN: *None*



Resolution No. 2008/619

In the Matter of Resolution Authorizing the)
Issuance, Sale and Delivery of County of)
Contra Costa Multifamily Housing Revenue)
Bonds (Los Medanos Village), Series 2008D,)
Approving, and Authorizing the Execution and)
Delivery of, Other Related Documents and)
Approving Other Related Actions in)
Connection Therewith)

WHEREAS, the County of Contra Costa (the "County") is authorized pursuant to Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California (the "Act") to issue revenue bonds to provide funds to finance multifamily rental housing facilities; and

WHEREAS, Los Medanos Village, L.P., a California limited partnership (the "Developer") has requested that the County issue and sell revenue bonds (the "Bonds") to assist in the financing of the acquisition and construction of a 71 unit multifamily residential rental housing development (the "Development") to be located at Crestview Drive and the Highway 4 frontage road in Pittsburg, California; and

WHEREAS, on April 3, 2008, the Deputy Director – Redevelopment of the County (the "Deputy Director – Redevelopment") held a public hearing on the proposed issuance of the Bonds and the financing, ownership and operation of the Development, as required under the provisions of the Internal Revenue Code (the "Code") applicable to tax-exempt bonds, following published notice of such hearing, and communicated to the Board of Supervisors of the County all written and oral testimony received at the hearing; and

WHEREAS, on April 22, 2008, the Board of Supervisors of the County adopted Resolution No. 2008/619278 authorizing the issuance of the Bonds in satisfaction of public approval the requirements of the Code; and

WHEREAS, there have been prepared various documents with respect to the issuance of the Bonds, copies of which are on file with the Deputy Director – Redevelopment, and the Board of Supervisors now desires to approve the issuance of the Bonds and the execution and delivery of such documents by the County; and

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in connection with the issuance of the Bonds as contemplated by this Resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Act.

NOW, THEREFORE, BE IT BY THE BOARD RESOLVED by the Board of Supervisors of the County of Contra Costa as follows:

Section 1. The Board of Supervisors hereby finds and declares that the foregoing recitals are true and correct.

Section 2. Pursuant to the Act and the Indenture (hereinafter defined), the Bonds of the County designated as "County of Contra Costa Multifamily Housing Revenue Bonds (Los Medanos Village), Series 2008D" in an aggregate principal amount not to exceed \$15,975,000, are hereby authorized to be issued. The Bonds shall be executed by the manual or facsimile signature of the Chair of the Board of Supervisors (the "Chair"), the facsimile of the seal of the County shall be reproduced thereon and attested by the manual or facsimile signature of the County Administrator and Clerk of the Board of Supervisors (the "County Administrator"), in the form set forth in and otherwise in accordance with the Indenture.

Section 3. The indenture of trust relating to the Bonds (the "Indenture") by and between the County and Wells Fargo Bank, National Association, as bondowner representative (the "Bondowner Representative"), in the form on file with the Deputy Director – Redevelopment, is hereby approved. Any one of the Chair of the Board of Supervisors, the Vice-Chair of the Board of Supervisors, the County Administrator, the Director of Community Development and the Deputy Director – Redevelopment (collectively, the "Designated Officers") is hereby authorized, for and in the name and on behalf of the County, to execute and deliver the Indenture in said form, together with such additions thereto or changes therein as are recommended or approved by the Designated Officer executing the Indenture upon consultation with the Deputy Director – Redevelopment and Bond Counsel to the County (including such additions or changes as are necessary or advisable in accordance with Section 8 hereof, provided that no additions or changes shall authorize an aggregate principal amount of the Bonds in excess of the amount set forth in Section 2 above), the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Indenture by the County. The date, maturity dates, interest rate or rates, privileges, manner of execution, place of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture as finally executed.

Section 4. The loan agreement relating to the Bonds (the "Loan Agreement") between the County and the Developer, in the form on file with the Deputy Director – Redevelopment, is hereby approved. Any one of the Designated Officers is hereby authorized to execute and deliver the Loan Agreement in said form, together with such additions thereto or changes therein as are recommended or approved by the Designated Officer executing the Loan Agreement upon consultation with the Deputy Director – Redevelopment and Bond Counsel to the County (including such additions or changes as are necessary or advisable in accordance with Section 8 hereof), the approval of such changes to be conclusively evidenced by the execution and delivery of the Loan Agreement by the County.

Section 5. The regulatory agreement and declaration of restrictive covenants relating to the Bonds, between the County and the Developer (the "Regulatory Agreement"), in the form on file

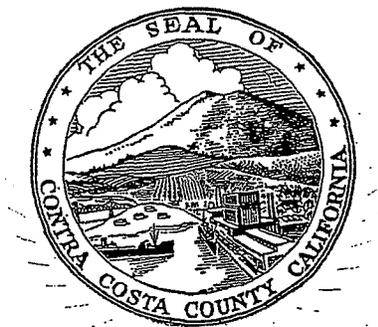
with the Deputy Director – Redevelopment, is hereby approved. Any one of the Designated Officers is hereby authorized, for and in the name and on behalf of the County, to execute and deliver the Regulatory Agreement in said form, together with such additions thereto or changes therein as are recommended or approved by the Designated Officer executing the Regulatory Agreement upon consultation with the Deputy Director – Redevelopment and Bond Counsel to the County (including such additions or changes as are necessary or advisable in accordance with Section 8 hereof), the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Regulatory Agreement by the County.

Section 6. The Bonds, when executed, shall be delivered to the Bondowner Representative for authentication. The Bondowner Representative is hereby requested and directed to authenticate the Bonds by executing the Bondowner Representative's certificate of authentication and registration appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to Wells Fargo Bank, National Association (in its capacity as the purchaser of the Bonds), in accordance with written instructions executed on behalf of the County by any one of the Designated Officers of the County, which instructions said officers are hereby authorized, for and in the name and behalf of the County, to execute and deliver to the Bondowner Representative. Such instructions shall provide for the delivery of the Bonds to Wells Fargo Bank, National Association, upon payment of the initial installment of the purchase price of the Bonds, as described in Section 2.02 of the Indenture.

Section 7. The law firm of Quint & Thimmig LLP is hereby designated as Bond Counsel to the County for the Bonds. The fees and expenses of such firm for matters related to the Bonds shall be payable solely from the proceeds of the Bonds or contributions by the Developer.

Section 8. All actions heretofore taken by the officers and agents of the County with respect to the sale and issuance of the Bonds are hereby approved, confirmed and ratified, and the proper officers of the County, including the Designated Officers, are hereby authorized and directed, for and in the name and on behalf of the County, to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds in accordance with this Resolution, including but not limited to any certificates, agreements and other documents described in the Indenture, the Loan Agreement or the Regulatory Agreement, or otherwise necessary to issue the Bonds and consummate the transactions contemplated by the documents approved by this Resolution.

Section 9. This Resolution shall take effect upon its adoption.



03007.22:J10082
8/27/08

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown:

ATTESTED: *September 23 2008*

DAVID TWA, Clerk of the Board of Supervisors and County Administrator

By *[Signature]*, Deputy

LOAN AGREEMENT

by and between the

COUNTY OF CONTRA COSTA

and

**LOS MEDANOS VILLAGE, L.P.,
A CALIFORNIA LIMITED PARTNERSHIP**

Dated as of November 1, 2008

**Relating to:
Up to \$13,672,085
County of Contra Costa
Multifamily Housing Revenue Bonds
(Los Medanos Village), Series 2008D**

**consisting of:
\$837,000 Series 2008D-1 (Term Loan), and
Up to \$12,835,085 Series 2008D-2 (Construction Loan)**

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LOAN AGREEMENT

THIS LOAN AGREEMENT dated as of November 1, 2008 (the "Loan Agreement"), is by and between the County of Contra Costa, a political subdivision and body corporate and politic of the State of California, duly organized and existing under the Constitution and laws of the State of California (together with any successor to its rights, duties and obligations hereunder, the "Issuer"), and Los Medanos Village, L.P., a California limited partnership (the "Borrower").

For and in consideration of the mutual agreements hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1. Definitions. Capitalized terms used in this Loan Agreement and not otherwise defined herein shall have the meanings given to such terms in the Indenture of Trust, dated as of November 1, 2008, between the Issuer and Wells Fargo Bank, National Association, as the Bondowner Representative. In addition, the following words and terms as used in this Agreement shall have the following meanings unless the context or use otherwise requires:

"Act of Bankruptcy" means the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against the Borrower, or any guarantor of the Borrower, under any applicable bankruptcy, insolvency or similar law now or hereafter in effect.

"Adjusted Income" has the meaning ascribed to such term in the Regulatory Agreement.

"Affiliated Party" has the meaning ascribed to such term in the Regulatory Agreement.

"Area" has the meaning ascribed to such term in the Regulatory Agreement.

"Certificate of Continuing Program Compliance" means the document in the form attached to the Regulatory Agreement as Exhibit D.

"County" means the County of Contra Costa, California.

"Development Costs" has the meaning ascribed to such term in the Regulatory Agreement.

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

"Inducement Date" means April 22, 2008.

"Loan" means, collectively, the mortgage loans originated hereunder by the Issuer to the Borrower in an aggregate amount up to Fifteen Million Sixty Thousand Dollars (\$13,672,085) for the purpose of financing costs of the construction of the Development.

"Loan Agreement" means this Loan Agreement, as amended and supplemented from time to time.

"Loan Documents" means this Loan Agreement, the Supplemental Agreement, the Security Agreement, the Indenture, the Regulatory Agreement, the Notes, the Bonds and the Deed of Trust.

"Low Income Tenants" has the meaning ascribed to the term "Lower Income Tenants" in the Regulatory Agreement.

"Low Income Units" has the meaning ascribed to the term "Lower Income Units" in the Regulatory Agreement.

"Median Income for the Area" means the median income for the Area as most recently determined by the Secretary of the Treasury, adjusted for household size (which determination is required by Code Section 142(d)(2)(B) to be consistent with determinations of area median gross income under Section 8 of the United States Housing Act of 1937, or, if such program is terminated, under such program as in affect immediately before such termination).

"Project" has the meaning ascribed to such term in the Supplemental Agreement.

"Qualified Development Costs" has the meaning ascribed to such term in the Regulatory Agreement.

"Qualified Development Period" has the meaning ascribed to such term in the Regulatory Agreement.

"Security Agreement" means the Security Agreement, dated as of November 1, 2008, executed by the Borrower and the general partner of the Borrower, in favor of the Bondowner Representative, as it may be amended or supplemented from time to time.

"State" means the State of California.

"Very Low Income Tenants" has the meaning ascribed to such term in the Regulatory Agreement.

"Very Low Income Units" has the meaning ascribed to such term in the Regulatory Agreement.

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

Section 1.3. Recitals, Titles and Headings. The terms and phrases used in the recitals of this Loan Agreement have been included for convenience of reference only, and the meaning, construction and interpretation of all such terms and phrases for purposes of this

Loan Agreement shall be determined by references to Section 1.1 hereof. The titles and headings of the articles and sections of this Loan Agreement have been inserted for convenience of reference only and are not to be considered a part hereof, and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Loan Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the Issuer. The Issuer represents, warrants and covenants that:

(a) The Issuer is a political subdivision and body corporate and politic of the State, duly organized and validly existing under the Constitution and laws of the State. Under the provisions of the Act, the Issuer has the power to enter into the transactions on its part contemplated by this Loan Agreement, the Indenture and the Regulatory Agreement (collectively, the "Issuer Documents") and to carry out its obligations hereunder and thereunder. The financing of the Development constitutes and will constitute a permissible public purpose under the Act. By proper action, the Issuer has authorized the execution, delivery and due performance of its obligations under the Issuer Documents.

(b) Neither the execution and delivery of the Bonds and the Issuer Documents, nor the Issuer's compliance with the terms, conditions or provisions on the part of the Issuer in the Bonds and the Issuer Documents, to the knowledge of the Issuer without investigation, conflicts in any material respect with or results in a material breach of any of the terms, conditions or provisions of any constitution or statute of the State, or of any agreement, instrument, judgment, order or decree to which the Issuer is now a party or by which it is bound or constitutes a material default by the Issuer under any of the foregoing.

(c) Except as otherwise provided in the Indenture, the Issuer has not created and will not create any debt, lien or charge upon the asset and monies explicitly pledged to the repayment of the Bonds under the Indenture, and has not made and will not make any pledge or assignment of or create any encumbrance thereon, other than the pledge and assignment thereof under the Indenture.

(d) The Issuer has complied and will comply with all material provisions of the Act to be complied with by the Issuer applicable to the Bonds and the transactions contemplated by this Loan Agreement and the other Issuer Documents.

(e) The Bonds are being issued under the Indenture, and are secured by the Indenture, pursuant to which the Issuer's interest in this Loan Agreement (other than its rights under Sections 2.3, 2.4, 5.1(d), 5.1(e), 6.7 and 7.4 hereof) is pledged and assigned to the Bondowner Representative. The Issuer covenants that it has not pledged and will not pledge or assign its interest in this Loan Agreement other than to the Bondowner Representative under the Indenture.

(f) No litigation or administrative action of any nature has been served on it and is now pending (i) seeking to restrain or enjoin the execution and delivery of the Indenture, this Loan Agreement or the Regulatory Agreement, or in any manner

questioning the proceedings or authority relating thereto or otherwise affecting the validity of the Bonds, or (ii) challenging the existence or authority of the Issuer or that of its present or former members or officers and, to the knowledge of the Issuer, none of the foregoing are threatened.

(g) The Issuer makes no representation or warranty that the Development will be adequate or sufficient for the purposes of the Borrower. Nothing in this Agreement shall be construed as requiring the Authority to provide any financing for the Development other than the proceeds of the Bonds or to provide sufficient moneys for all of the costs of the Development.

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

(a) The Borrower is a California limited partnership, organized and existing under the laws of the State, is in good standing in the State, and has full legal right, power and authority under the laws of the United States of America and the State (i) to enter into this Loan Agreement and the other Loan Documents to which it is a party; (ii) to perform its obligations hereunder and thereunder; and (iii) to consummate the transactions on its part contemplated by the Loan Documents.

(b) The Loan Documents to which it is a party have been duly executed and delivered by the Borrower and, when executed by the other respective parties thereto, will constitute valid and binding obligations of the Borrower, enforceable in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws or judicial decisions affecting the rights of creditors generally.

(c) The execution and delivery of the Loan Documents to which it is a party, the performance by the Borrower of its obligations hereunder and thereunder and the consummation of the transactions contemplated hereby and thereby will not violate the Borrower's partnership agreement, or any law, regulation, rule or ordinance or any order, judgment or decree of any federal, state or local court and do not conflict with, or constitute a breach of, or a default under, any document, instrument or commitment to which the Borrower is a party or by which the Borrower or any of its property is bound.

(d) There is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the Borrower which (i) affects or seeks to prohibit, restrain or enjoin the loaning of the amounts set forth herein to the Borrower or the execution and delivery of this Loan Agreement or the other Loan Documents, (ii) affects or questions the validity or enforceability of this Loan Agreement or the other Loan Documents, (iii) questions the power or authority of the Borrower to carry out the transactions contemplated by, or to perform its obligations under, this Loan Agreement or the other Loan Documents to which it is a party, or the powers of the Borrower to own, construct, equip or operate the Development.

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

(f) Any certificate signed by a Borrower Representative and delivered pursuant to this Loan Agreement or the other Loan Documents shall be deemed a representation and warranty by the Borrower as to the statements made therein.

(g) The Development is located wholly within the City of Pittsburg, California.

(h) The Borrower will obtain all necessary certificates, approvals, permits and authorizations with respect to the construction and operation of the Development from applicable local governmental agencies and agencies of the State and the federal government.

(i) The Borrower shall make no changes to the Development or to the operation thereof which would affect the qualification of the Development under the Act or impair the exclusion from gross income for federal income tax purposes of the interest on the Bonds. The Borrower intends to utilize the Development as multifamily rental housing during the Qualified Development Period.

(j) Not in excess of two percent (2%) of the proceeds of the Bonds will be used to pay costs of issuance of the Notes and/or the Bonds.

(k) The construction and operation of the Development in the manner presently contemplated and as described herein and in the Regulatory Agreement will not conflict with any zoning, water or air pollution or other ordinance, order, law or regulation applicable thereto. The Borrower will cause the Development to be operated in all material respects in accordance with all applicable federal, state and local laws or ordinances (including rules and regulations) relating to zoning, building, safety and environmental quality.

(l) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the Development; that it is familiar with the provisions of all of the documents and instruments relating to the financing of the Development to which it is a party; that it understands the risks inherent in such transactions, including without limitation the risk of loss of the Development; and that it has not relied on the Issuer for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Issuer in any manner except to issue the Bonds in order to provide funds for the Loan.

(m) The Borrower intends to hold the Development for its own account, has no current plans to sell and has not entered into any agreement to sell the Development. It is hereby acknowledged, however, that the Borrower's partnership agreement does provide for certain rights of its General Partner to acquire the Development, and those provisions shall not result in a breach of this Section 2.2(m).

(n) [intentionally omitted]

(o) In the event the Loan proceeds are not sufficient to complete the acquisition, construction and equipping of the Development and the payment of all costs of issuing the Bonds, the Borrower will furnish any additional moneys necessary to complete the construction and equipping of the Development.

(p) All of the proceeds from the Loan plus the income from the investment of the proceeds of the Loan will be used to pay or reimburse the Borrower for Development Costs, and at least 97% of the proceeds of the Loan will be used to pay

or reimburse the Borrower for Qualified Development Costs and less than 25% of such amount will be used to pay or reimburse the Borrower for the cost of land or any interest therein. The Borrower shall assure that the proceeds of the Loan are expended so as to cause the Bonds to constitute a "qualified residential rental bond" within the meaning of Section 142(d) of the Code.

(q) The estimated total cost of the financing of the acquisition, construction and equipping of the Development is equal to or in excess of the maximum principal amount of the Loan.

(r) The Borrower has not knowingly taken or permitted to be taken and will not knowingly take or permit to be taken any action which would have the effect, directly or indirectly, of causing interest on any of the Bonds to be included in the gross income of the owners thereof for purposes of federal income taxation.

(s) The Borrower covenants that it shall not take, or permit or suffer to be taken by the Bondowner Representative or otherwise, any action with respect to the proceeds of the Bonds which if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code.

Section 2.3. Hazardous Waste Covenant. In addition to and without limitation of any other representations, warranties and covenants made by the Borrower under this Loan Agreement and under the Regulatory Agreement and the Deed of Trust, the Borrower further represents, warrants and covenants that the Borrower will not use or permit Hazardous Materials (as defined hereinafter) on, from, or affecting the Development (a) in any manner which violates federal, state or local laws, ordinances, rules, or regulations governing the use, storage, treatment, transportation, manufacture, refinement, handling, production or disposal of Hazardous Materials, or (b) in a manner that would create a material adverse effect on the Development. Without limiting the foregoing, the Borrower shall not cause or permit the Development or any part thereof to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all applicable federal, state and local laws or regulations, nor shall the Borrower cause or knowingly permit, as a result of any intentional or unintentional act or omission on the part of the Borrower or any tenant or subtenant, a release of Hazardous Materials on to the Development or on to any other property in a manner which violates federal, state, or local laws, ordinances, rules or regulations or in a manner that would create a material adverse effect on the Development. The Borrower shall comply with and require compliance by all tenants and subtenants with all applicable federal, state and local laws, ordinances, rules and regulations, and shall obtain and comply with, and require that all tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The Borrower shall conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other action required by a governmental authority under an applicable statute or regulation to clean up and remove all Hazardous Materials, on, from, or affecting the Development in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations. The Borrower shall defend, indemnify, and hold harmless the Issuer from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way related to, (a) the presence, disposal, release, or threatened release of any Hazardous Materials which are on or from the Development which affect, the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (b) any personal injury (including wrongful death) or

property damage (real or personal) arising out of or related to such Hazardous Materials on or from the Development, and/or (c) any violation of laws, orders, regulations, requirements or demands of government authorities, or written requirements of the Issuer, which are based upon or in any way related to such Hazardous Materials including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses. In the event the Development is foreclosed upon, or a deed in lieu of foreclosure is tendered, or this Loan Agreement is terminated, the Borrower shall deliver the Development in a manner and condition that shall conform with all applicable federal, state and local laws, ordinances, rules or regulations affecting the Development. For the purposes of this paragraph, "Hazardous Materials" includes, without limit, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 9601 et seq.), and in the regulations promulgated pursuant thereto, or any other federal, state or local environmental laws, ordinances, rules, or regulations. The provisions of this paragraph: (a) shall not apply to substances routinely used in the ordinary course of business, (b) shall be in addition to any and all other obligations and liabilities the Borrower may have to the Issuer at common law, and (c) with respect to any liability or cost arising as a result of acts or omissions of the Borrower during the term of this Loan Agreement, shall survive the termination of this Loan Agreement. This paragraph shall not obligate the Borrower in any way with respect to any acts or omissions of any entity that succeeds the Borrower as owner of the Development in accordance with the provisions of Section 13 of the Regulatory Agreement and any applicable provisions of the Supplemental Agreement.

The indemnifications and protections set forth in this Section 2.3 (i) shall be extended, with respect to the Issuer, to its members, directors, officers, employees, agents and servants and persons under the Issuer's control or supervision, and (ii) shall be for the full and equal benefit of the Bondowner Representative, as assignee of the Issuer under the Indenture.

Anything to the contrary in this Loan Agreement notwithstanding, the covenants of the Borrower contained in this Section 2.3 shall remain in full force and effect after the termination of this Loan Agreement until the later of (i) the expiration of the period stated in the applicable statute of limitations during which a claim or cause of action may be brought and (ii) payment in full or the satisfaction of such claim or cause of action and of all expense and charges incurred by the Issuer relating to the enforcement of the provisions herein specified.

For the purposes of this Section 2.3, the Borrower shall not be deemed an employee, agent or servant of the Issuer or person under Issuer's control or supervision.

Section 2.4. Additional Environmental Matters. (a) The Borrower shall require in any management agreement for the Development that the management company shall operate and maintain the Development in material compliance with all applicable federal, state, regional, county or local laws, statutes, rules, regulations or ordinances, concerning the environment, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. Section 9601 et seq., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. Section 6901 et seq., the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. Section 11001 et seq., and the Clean Air Act of 1970, 42 U.S.C. Section 4321, and all rules, regulations and

guidance documents promulgated or published thereunder, and any state, regional, county or local statute, law, rule, regulation or ordinance relating (i) to releases, discharges, emissions or disposal of Hazardous Materials to air, water, land or ground water, (ii) to the withdrawal or use of ground water, (iii) to the use, handling or disposal of polychlorinated biphenyls ("PCBs"), asbestos or urea formaldehyde, (iv) to the treatment, storage, disposal or management of hazardous substances (including, without limitation, petroleum, its derivatives, crude oil or any fraction thereof) and any other solid, liquid or gaseous substance, exposure to which is prohibited, limited or regulated, or may or could pose a hazard to the health and safety of the occupants of the Development or the property adjacent to or surrounding the Development, (v) to the exposure of persons to toxic, hazardous or other controlled, prohibited or regulated substances or (vi) to the transportation, storage, disposal, management or release of gaseous or liquid substances and any regulation, order, injunction, judgment, declaration, notice or demand issued thereunder.

(b) The Borrower shall keep the Development free and clear of any liens or encumbrances securing payment of the costs of any response, removal or remedial action or cleanup of Hazardous Materials.

(c) The Borrower covenants and agrees that it will not knowingly conduct or allow to be conducted any business, operations or activity on the Development, or employ or use the Development to manufacture, treat, store (except with respect to storage in the ordinary operation of the Development), or dispose of any Hazardous Materials (including, without limitation, petroleum, its derivatives, crude oil or any fraction thereof), or any other substance the disposal of which is prohibited, controlled or regulated under applicable law, or which poses a threat or nuisance to safety, health or the environment, including, without limitation, any business, operation or activity which would violate the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. Section 6901 et seq., or cause or knowingly allow to be caused, a release or threat of release, of a nondiminimis quantity of hazardous substances on the Development as defined by, and within the ambit of, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. Section 9601 et seq., or any similar state, county, regional or local statute providing for financial responsibility for cleanup for the release or threatened release of substances provided for thereunder.

(d) The Borrower covenants and agrees that it shall take all appropriate response action, including any removal and remedial action, in the event of a release, emission, discharge or disposal of Hazardous Materials in, on, under or about the Development for which the Borrower is liable under state, federal or local environmental rules or regulations.

(e) The Borrower shall, as soon as practicable and in any event within 15 days of its receipt thereof, notify the Issuer and the Bondowner Representative of any notice, letter, citation, order, warning, complaint, claim or demand that (i) the Borrower or any tenant has violated, or is about to violate, any federal, state, regional, county or local environmental, health or safety statute, law, rule, regulation, ordinance, judgment or order; (ii) there has been a release, or there is a threat of release, of Hazardous Materials (including, without limitation, petroleum, its derivatives, crude oil or any fraction thereof) from the Development; (iii) the Borrower or any tenant may be or is liable, in whole or in part, for the costs of cleaning up, remediating, removing or responding to a release of Hazardous Materials (including, without limitation, petroleum, its derivatives, crude oil or any fraction thereof); or (iv) the Development is subject to a lien in favor of any governmental entity for any environmental law, rule or regulation arising from or costs incurred by such

governmental entity in response to a release of Hazardous Materials (including, without limitation, petroleum, its derivatives, crude oil or any fraction thereof).

(f) During the period in which this Loan Agreement is in effect, the Borrower hereby grants the Issuer and the Bondowner Representative, and their respective agents, attorneys, employees, consultants and contractors, an irrevocable license and authorization upon reasonable notice of not less than 24 hours to enter upon and inspect the Development and perform such tests, including, without limitation, subsurface testing, soils and ground water testing, and other tests which may physically invade the Development, as the Issuer or the Bondowner Representative, in their respective reasonable discretion, determine are necessary to protect the lien created by the Deed of Trust. The provisions of this Section 2.4 shall be for the full and equal benefit of the Issuer, and of the Bondowner Representative as assignee of the Issuer under the Indenture.

ARTICLE III

THE LOAN

Section 3.1. Closing of the Loan. The closing of the Loan shall not occur until the following conditions are met:

(a) the Issuer shall have received an original executed counterpart of this Loan Agreement, the Notes, the Regulatory Agreement and the Deed of Trust, together with evidence satisfactory to the Issuer of the recordation of the Regulatory Agreement and the Deed of Trust in the official records of the County Recorder of the County, which may be by telephonic notice from a title company;

(b) no Event of Default nor any event which with the passage of time and/or the giving of notice would constitute an Event of Default under this Loan Agreement shall have occurred and the Borrower shall have so certified in writing;

(c) all legal matters incident to the transactions contemplated by this Loan Agreement shall be concluded to the reasonable satisfaction of counsel to the Issuer; and

(d) the Supplemental Agreement shall have been executed by the parties thereto, and all conditions to the purchase of the Bonds provided therein shall have been satisfied as evidenced by the advancement by the Bondowner Representative of the Initial Disbursement.

Section 3.2. Commitment to Execute the Notes. The Borrower agrees to execute and deliver the Notes and the Deed of Trust simultaneously with the execution of this Loan Agreement.

Section 3.3. Making of the Loan. The Issuer hereby makes to the Borrower and agrees to fund, and the Borrower hereby accepts from the Issuer, upon the terms and conditions set forth herein, the Loan and agrees to have the proceeds of the Loan applied and disbursed in accordance with the provisions of this Loan Agreement.

Section 3.4. Disbursement of Loan Proceeds. (a) The Issuer hereby authorizes and directs the first funding and disbursement of the Loan on the Closing Date in an amount equal to the Initial Disbursement, subject to the conditions set forth in Section 3.1 above. The Borrower hereby authorizes the Issuer to disburse on the date of execution and delivery

of the Notes, the Initial Disbursement representing the first advance of the principal amount of Loan, to be transferred to or for the benefit of the Borrower to be used to pay Qualified Development Costs.

(b) The Bondowner Representative shall make disbursements of the remaining principal amount of the Loan directly to or for the benefit of the Borrower subject to the terms and as otherwise provided in the Supplemental Agreement and Section 3.03 of the Indenture; provided that the Borrower's disbursement requests shall be limited to disbursements for Development Costs, and shall not cause the Borrower to violate the covenants in Section 2.2(j) and (p) hereof.

ARTICLE IV

LIMITED LIABILITY

Section 4.1. Limited Liability. The Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Loan Agreement, the Bonds or any of the other Loan Documents, except only to the extent amounts are received for the payment thereof from the Borrower under this Loan Agreement. All obligations and any liability of the Issuer shall be further limited as provided in Sections 5.01, 6.13, 7.10 and 11.09 of the Indenture.

ARTICLE V

REPAYMENT OF THE LOAN

Section 5.1. Loan Repayment. (a) The obligations of the Borrower for repayment of the principal of the Loan and for payment of interest thereon and premium with respect thereto shall be evidenced by the Notes which shall be executed by the Borrower in the forms required by the Supplemental Agreement. The Borrower agrees to pay to the Bondowner Representative, the principal of, interest on and premium with respect to the Loan at the times, in the manner, in the amounts and at the rates of interest provided in the Notes and this Loan Agreement; provided that at all times the repayment of the Loan shall be in time and amount sufficient to make timely payments of amounts due on the Bonds.

(b) The Borrower further agrees to pay all taxes and assessments, general or special, including, without limitation, all ad valorem taxes, concerning or in any way related to the Development, or any part thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments with respect thereto; provided, however, that the Borrower reserves the right to contest in good faith the legality of any tax or governmental charge concerning or in any way related to the Development. In addition, the Borrower agrees to pay any loan fee, processing fee and all title, escrow, recording and closing costs and expenses, any appraisal costs and all other reasonable fees and costs associated with or required in connection with the Bonds, the Regulatory Agreement and Indenture; including but not limited to any such amounts described in Section 8.06 of the Indenture.

(c) The Borrower hereby acknowledges and consents to the assignment by the Issuer to the Bondowner Representative of its rights under the Notes, the Deed of Trust, this Loan Agreement (excepting only the Issuer's rights under Section 6.7, and the Issuer's retained rights under Sections 2.3, 2.4, 5.1(d), 5.1(e) and 7.4 hereunder) and the other Loan

Documents, and the appointment of the Bondowner Representative as agent of the Issuer to collect the payments on the Loan, all as set forth in the Indenture.

(d) The Borrower hereby agrees to pay the Issuer fees and expenses described in Section 3.01(a) of the Indenture, and Sections 7(d) and 20 of the Regulatory Agreement.

(e) The Borrower agrees to pay to the Issuer within fifteen (15) days after receipt of request for payment thereof, all expenses of the Issuer (including salaries and wages of Issuer employees) related to the Development and the financing thereof that are not otherwise required to be paid by the Borrower under the terms of this Loan Agreement and are not paid from disbursements of the Loan, including, without limitation, legal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Development or the Bonds.

(f) The Borrower agrees to pay to the Bondowner Representative, immediately upon demand for payment thereof, all reasonable out-of-pocket expenses of the Bondowner Representative (not including salaries and wages of Bondowner Representative employees) related to the Development and the financing thereof that are not otherwise required to be paid by the Borrower under the terms of this Loan Agreement and are not paid from disbursements of the Loan, including, without limitation, legal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Development or the Bonds.

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

Section 5.3. No Encumbrances. The Borrower shall not create, permit, file or record against the Development without the prior written consent of the Bondowner Representative any deed of trust lien or other lien, inferior or superior to the lien of the Deed of Trust, other than the grants and loans which are being subordinated concurrently with the making of the Loan and liens for taxes not yet due and payable.

Section 5.4. Exceptions to Non-Recourse Liability. Notwithstanding Section 5.2 or any other provision of this Agreement, the Issuer (and the Bondowner Representative, as

assignee of the Issuer) shall have the right to recover from the Borrower and any general partner of Borrower (each individually, or on a joint and several basis if more than one), on a joint and several basis the following:

(a) any loss, damage or cost (including but not limited to attorneys fees) resulting from fraud or intentional misrepresentation by the Borrower, the Borrower's agents or employees or any general partner of the Borrower in connection with obtaining the Loan evidenced by this Agreement, the Notes, or in complying with any of Borrower's obligations under the Loan Documents;

(b) insurance proceeds, condemnation awards, security deposits from tenants or other sums or payments received by or on behalf of Borrower in its capacity as owner of the Development and not applied in accordance with the provisions of the Deed of Trust and the Supplemental Agreement;

(c) all rents not applied, first, to the payment of the reasonable operating expenses as such operating expenses become due and payable, and then, to the payment of principal and interest then due and payable under this Loan Agreement, the Notes and any other sums due under the Deed of Trust and all other Loan Documents (including but not limited to deposits or reserves payable under any Loan Documents);

(d) transfer fees and charges due under the Deed of Trust;

(e) all rents and profits, and security deposits received by the Borrower after an Event of Default under this Agreement or the Supplemental Agreement;

(f) any loss, damage or cost (including but not limited to attorneys fees) resulting from the commission of material waste by the Borrower (or any partner, officer, director or agent of the Borrower or any guarantor or owner of any collateral) or failure by the Borrower to perform its obligations to maintain the Development;

(g) any loss, damage or cost (including but not limited to attorneys fees) resulting from the presence or release of any "Hazardous Materials" (as defined in Section 2.3) on, in or under the Development;

(h) all sums owing by the Borrower under all indemnities contained in this Loan Agreement, the Regulatory Agreement and the Supplemental Agreement; and

(i) any loss, damage or cost (including but not limited to attorneys' fees) resulting from failure by the Borrower to pay taxes and charges that may become a lien on the Development, to maintain and pay premiums for insurance required pursuant to this Loan Agreement, the Supplemental Agreement or the Deed of Trust, or to repay any sums advanced by the Issuer or Bondowner Representative for any such purpose.

The exceptions to non-recourse liability contained in this Section 5.4 shall not limit the rights of the Issuer (or the Bondowner Representative, as assignee of the Issuer) to:

(i) name the Borrower or any general partner in the Borrower as a party defendant in any action, proceeding or arbitration, subject to the limitations of this Section as to personal liability; or

(ii) assert any unpaid amounts on the Loan as a defense or offset to or against any claim or cause of action made or alleged against the Issuer or Bondowner Representative by the Borrower or any of its partners or any Guarantor or indemnitor with respect to the Loan; or

(iii) exercise self-help remedies such as set-off or nonjudicial foreclosure against, or sale of, any real or personal property collateral security; or

(iv) enforce the Borrower's obligations to complete construction and rehabilitation of the Development as required by this Loan Agreement and the Supplemental Agreement, including obligations to repay any sums advanced by the Issuer or Bondowner Representative for such purpose.

The limitation of liability set forth in this Section 5.4 will be deemed void and have no force or effect if the Borrower or any partner in the Borrower attempts to materially delay any foreclosure of the Deed of Trust or any other collateral security for the Loan, or if the Borrower or any partner in the Borrower claims that this Loan Agreement, the Supplemental Agreement or any of the other instruments or documents executed in connection with the Loan are invalid or unenforceable to any extent that would preclude foreclosure.

No provision of this Section shall (i) affect any guaranty or similar agreement executed in connection with the debts evidenced by the Notes or this Loan Agreement, (ii) release or reduce the debts evidenced by the Notes or this Agreement, (iii) impair the right of the Bondowner Representative to enforce any provisions of the Deed of Trust, the Security Agreement or any other collateral security for the repayment of the Loan, (iv) impair the lien of the Deed of Trust, the Security Agreement or any other collateral security for the repayment of the Loan, or (v) impair the right of the Bondowner Representative to enforce the provisions of any Loan Document other than by collection of the amounts owing under the Notes. Nothing herein shall directly or indirectly limit the right of the Bondowner Representative to collect or recover any collateral from Borrower or any person holding or receiving the same without the written consent of the Bondowner Representative, including any partner, shareholder or affiliate who receives the rents and profits assigned to the Bondowner Representative after the same become payable to the Bondowner Representative or under circumstances where the same are recoverable by the Bondowner Representative under applicable law or by contract. Furthermore, nothing in any other provision of the Notes, this Loan Agreement or the other Loan Documents shall be deemed to limit the Bondowner Representative's right to enforce collection from Borrower (or any other person liable therefor) of all reasonable attorneys' fees, costs, expenses, indemnity liabilities and other amounts payable to the Bondowner Representative apart from principal or interest owing under the Notes.

Nothing in this Section 5.4 shall be interpreted to subordinate any obligation or liability of Borrower to the Bondowner Representative to any operating expenses, and upon an Event of Default the Bondowner Representative may apply Revenues to any secured or unsecured obligation owing to the Bondowner Representative, in any order.

Notwithstanding anything herein to the contrary, no limited partner of Borrower (to the extent it continues to act in a capacity as a limited partner of Borrower) shall have any personal liability regarding the Notes or the Deed of Trust.

ARTICLE VI

FURTHER AGREEMENTS

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

Section 6.2. Borrower Not to Dispose of Assets; Conditions Under Which Exceptions Permitted. The Borrower agrees that during the term of this Loan Agreement it will not dispose of all or substantially all of its assets nor consolidate with nor merge into any entity unless (i) the Issuer and the Bondowner Representative shall consent to the disposition, consolidation or merger, (ii) the acquirer of its assets or the entity with which it shall consolidate or into which it shall merge shall be an individual or a corporation, partnership or other legal entity organized and existing under the laws of the United States of America or one of the states of the United States of America and shall be qualified and admitted to do business in the State; and (iii) such acquiring or remaining entity shall assume in writing all of the obligations of the Borrower under this Loan Agreement, the Regulatory Agreement, the Notes and the Deed of Trust.

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

- (a) to comply with all provisions of the Regulatory Agreement;
- (b) to advise the Issuer in writing promptly upon learning of any default with respect to the covenants, obligations and agreements of the Borrower set forth in the Regulatory Agreement;
- (c) upon written direction by the Issuer, to cooperate fully and promptly with the Issuer in enforcing the terms and provisions of the Regulatory Agreement; and
- (d) to file in accordance with the time limits established by the Regulatory Agreement all reports and certificates required thereunder, and the Certification to the Secretary of the Treasury required by Section 4(b) of the Regulatory Agreement.

The Issuer shall not incur any liability in the event of any breach or violation of the Regulatory Agreement by the Borrower, and the Borrower agrees to indemnify the Issuer from any claim or liability for such breach pursuant to Section 6.7 hereof.

Section 6.4. Additional Instruments. The Borrower hereby covenants to execute and deliver such additional instruments and to perform such additional acts as may be necessary, in the opinion of the Issuer, to carry out the intent of the Loan Documents or to perfect or give further assurances of any of the rights granted or provided for in the Loan, the Deed of Trust and the Notes.

Section 6.5. Books and Records. The Borrower hereby covenants to permit the Issuer and the Bondowner Representative or their duly authorized representatives access during normal business hours to the books and records of the Borrower pertaining to the Loan and the Development, and to make such books and records available for audit and inspection, at reasonable times and under reasonable conditions to the Issuer, the Bondowner Representative and their duly authorized representatives and at the sole expense of the Borrower.

Section 6.6. Notice of Certain Events. The Borrower hereby covenants to advise the Issuer and the Bondowner Representative promptly in writing of the occurrence of any Event of Default hereunder or any event which, with the passage of time or service of notice, or both, would constitute an Event of Default hereunder, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto. In addition, the Borrower hereby covenants to advise the Issuer and the Bondowner Representative promptly in writing of the occurrence of any Act of Bankruptcy.

Section 6.7. Indemnification of the Issuer and Bondowner Representative. (a) To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend (by counsel approved by the indemnitee in its reasonable discretion) the Issuer, the Administrator (if not the same as the Issuer), and the Bondowner Representative, and each of their respective officers, boardmembers, directors, executive committee members, commissioners, officials, employees, attorneys and agents (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject arising out of or based upon or in any way relating to:

(i) the Loan Documents or the execution or amendment thereof or in connection with transactions contemplated thereby, including the issuance, sale, resale or remarketing of the Bonds;

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

(iii) any lien or charge upon payments by the Borrower to the Issuer and/or the Bondowner Representative hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer or the Bondowner Representative in respect of any portion of the Development;

(iv) any violation of any environmental law, rule or regulation with respect to, or the release of any hazardous materials from, the Development or any part thereof;

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

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower contained in any closing certificate, offering statement or disclosure or continuing disclosure document for the Bonds or any of the documents relating to the Bonds to which the Borrower is a party, or any omission or alleged omission from any offering statement or disclosure or continuing disclosure document for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein by the Borrower, in the light of the circumstances under which they were made, not misleading;

(vii) any declaration of taxability of interest on the Bonds, or allegations (or regulatory inquiry) that interest on the Bonds is taxable, for federal tax purposes; and

(viii) the Bondowner Representative's acceptance or administration of the trust of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party;

except in the case of the foregoing indemnification of the Bondowner Representative or any its officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the willful misconduct of such Indemnified Party; and provided that this Section 6.7(a) is not intended to give rise to a right of the Issuer or the Bondowner Representative to claim payment of the principal and accrued interest with respect to the Loan as a result of an indemnified third party claim. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

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

(b) The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to Sections 5.1 and 7.4 hereof shall survive the final payment or defeasance of the Bonds and in the case of the Bondowner Representative any resignation or removal. The provisions of this Section shall survive the termination of this Loan Agreement.

(c) In the event of any conflict between the provisions of this Section 6.7 and the provisions of Section 9 of the Regulatory Agreement or the provisions of Sections 6.23, 6.30, 9.4, 15.5 and 16.31 of the Supplemental Agreement, the provisions providing the most benefit and protection to the Issuer and the Bondowner Representative shall prevail.

Section 6.8. Consent to Assignment. The Issuer has made an assignment under the Indenture of all rights and interest of the Issuer in and to this Loan Agreement (except its rights under Section 6.7, and its retained rights under Sections 2.3, 2.4, 5.1(d), 5.1(e) and 7.4 hereof), the Notes and the Deed of Trust and the Bondowner Representative is authorized to collect the payments by the Borrower on the Loan; and the Borrower hereby consents to all such assignments and such appointment.

Section 6.9. Compliance with Usury Laws. Notwithstanding any other provision of this Loan Agreement, it is agreed and understood that in no event shall this Loan Agreement, with respect to the Notes or other instrument of indebtedness, be construed as requiring the Borrower or any other person to pay interest and other costs or considerations that constitute interest under any applicable law which are contracted for, charged or received pursuant to this Loan Agreement in an amount in excess of the maximum amount of interest allowed under any applicable law.

In the event of any acceleration of the payment of the principal amount of the Notes or other evidence of indebtedness, that portion of any interest payment in excess of the maximum legal rate of interest, if any, provided for in this Loan Agreement or related documents shall be cancelled automatically as of the date of such acceleration, or if theretofore paid, credited to the principal amount.

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

Section 6.10. Title to the Development. The Borrower shall concurrently with the closing of the Loan have a fee title interest in the Development site free and clear of any lien or encumbrance except for (i) liens for nondelinquent assessments and taxes not yet due or which are being contested in good faith by appropriate proceedings; (ii) the Deed of Trust; and (iii) any other encumbrances approved by the Bondowner Representative. Concurrently with the closing of the Loan, the Borrower shall cause to be delivered to the Bondowner Representative one or more title policies, naming the Bondowner Representative as the insured, as its interests may appear with endorsements specified in the Bondowner Representative's escrow instructions.

Section 6.11. Payment of Taxes. The Borrower has filed or caused to be filed all federal, state and local tax returns or information returns which are required to be filed with respect to the Development and of which Borrower has knowledge, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due and payable other than those payable without penalty or interest.

Section 6.12. No Untrue Statements. Neither this Loan Agreement nor any other document, certificate or statement furnished to the Issuer or the Bondowner Representative by or on behalf of the Borrower, contains to the best of the Borrower's knowledge any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading or incomplete as of the date hereof. It is specifically understood by Borrower that all such statements, representations and warranties shall be deemed to have been relied upon by the Issuer as an inducement to make the Loan, and by the Bondowner Representative as an inducement to make the Issuer Loan, and that if any such statements, representations and warranties were materially incorrect at the time they were made, the Issuer may consider any such misrepresentation or breach an Event of Default.

Section 6.13. Insurance. The Borrower shall provide policies of property damage (fire, extended coverage, vandalism and malicious mischief), loss of rent, public liability and worker's compensation insurance with respect to the Development and the operation thereof required under the Deed of Trust and the Supplemental Agreement.

Section 6.14. Tax Exempt Status of the Bonds.

(a) It is the intention of the Issuer and the Borrower that interest on the Bonds shall be and remain excludable from gross income for federal income taxation purposes, and to that end the covenants and agreements of the Borrower in this Section 6.14 are for the benefit of the owners of the Bonds and the Issuer.

(b) The Borrower covenants and agrees that it will not knowingly and willingly use or permit the use of any of the funds provided by the Issuer hereunder or any other funds of the Borrower, directly or indirectly, in such manner as would, or enter into, or allow any "related person" (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the Bonds that would, or take or omit to take any other action that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code or "federally guaranteed" within the meaning of Section 156(b) of the Code and applicable regulations promulgated from time to time thereunder.

(c) In the event that at any time the Borrower is of the opinion or becomes otherwise aware that for purposes of this Section 6.14 it is necessary to restrict or to limit the yield on the investment of any moneys held under the Indenture or otherwise by the Bondowner Representative, the Borrower shall determine the limitations and so instruct the Bondowner Representative in writing and cause the Bondowner Representative to comply with those limitations under the Indenture.

(d) The Borrower will take such action or actions as may be reasonably necessary in the opinion of counsel to the Issuer, or of which it otherwise becomes aware, to fully comply with Section 148 of the Code.

(e) The Borrower further agrees that it shall not discriminate on the basis of race, creed, color, sex, sexual preference, source of income (e.g. AFDC, SSI), physical disability, national origin or marital status in the lease, use or occupancy of the Development or in connection with the employment or application for employment of persons for the operation and management of the Development, to the extent required by applicable State or federal law.

(f) The Borrower further warrants and covenants that it has not executed and will not execute any other agreement, or any amendment or supplement to any other agreement, with provisions contradictory to, or in opposition to, the provisions, of this Loan Agreement and of the Regulatory Agreement, and that in any event, the requirements of this Loan Agreement and the Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith and therewith.

(g) [intentionally omitted]

(h) The Borrower will use due diligence to complete the construction of the Development and reasonably expects to fully expend the entire \$13,672,085 authorized principal amount of the Loan by November 1, 2010.

(i) The Borrower will take such action or actions as necessary to ensure compliance with Sections 2.2(j), (n), (p), (r) and (s) hereof.

(j) The Borrower will make timely payment of any rebate amount due to the federal government by reason of Section 148(f) of the Code, as applicable to the Bonds.

Section 6.15. Regulatory Agreement. In order to maintain the exclusion from gross income under federal tax law of interest on the Bonds and to assure compliance with the laws of the State and the Act, the Borrower hereby agrees that it shall, concurrently with or before the execution and delivery of the Bonds, execute and deliver and cause to be recorded the Regulatory Agreement.

The Borrower shall comply with every term of the Regulatory Agreement, and the Borrower hereby acknowledges that in the event of a default under the Regulatory Agreement the Loan may be accelerated. The Borrower agrees to cause any amendments to the Regulatory Agreement to be recorded in the appropriate official public records. The books and records of the Borrower pertaining to the incomes of Low Income Tenants and Very Low Income Tenants residing in the Development shall be open to inspection by any authorized representative of the Issuer and the Bondowner Representative.

Section 6.16. Useful Life. The Borrower hereby represents and warrants that, within the meaning of Section 147(a)(14) of the Code, the average maturity of the Bonds does not exceed 120 percent of the average reasonably expected economic life of the facilities being financed with the proceeds of the Bonds.

Section 6.17. Federal Guarantee Prohibition. The Borrower shall take no action, nor permit nor suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 6.18. Prohibited Facilities. The Borrower represents and warrants that no portion of the proceeds of the Notes shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Notes shall be used for an office unless (i) the office is located on the premises of the facilities constituting the Development and (ii) not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Development.

Section 6.19. Election of Applicable Income Limit. The Issuer hereby elects to have the Development meet the requirements of Section 142(d)(1)(B) of the Code in that forty percent (40%) or more of the residential units in the Development shall be occupied by persons or families whose Adjusted Income is sixty percent (60%) or less of Median Income for the Area, adjusted for household size.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.1. Events of Default. Each of the following shall be an "Event of Default":

(a) the occurrence of a "Default," as defined in Section 15.1 of the Supplemental Agreement; or

(b) the occurrence of a "Default" or an "Event of Default," as such terms are used in the Deed of Trust;

in each case subject to any applicable notice and/or cure periods specified in Section 15.1 of the Supplemental Agreement.

Section 7.3. Remedies. Whenever any Event of Default under Section 7.1 hereof shall have happened and be continuing, the Issuer and the Bondowner Representative may take whatever remedial steps as may be allowed under the law, this Loan Agreement, the Supplemental Agreement, the Deed of Trust and the other Loan Documents.

Section 7.4. Attorneys' Fees and Expenses. If an Event of Default occurs and if the Issuer or the Bondowner Representative should employ attorneys or incur expenses for the enforcement of any obligation or agreement of the Borrower contained herein, the Borrower on demand will pay to the Issuer and/or the Bondowner Representative the reasonable fees of such attorneys and the reasonable expenses so incurred, including court appeals.

Section 7.5. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer or the Bondowner Representative is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Bondowner Representative to exercise any remedy reserved to either of them in this Article VII, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the Issuer hereunder shall also extend to the Bondowner Representative, as assignee of the Issuer's interests in the Note, the Deed of Trust and this Loan Agreement, and the Bondowner Representative, as assignee of the Issuer's interests in the Notes, the Deed of Trust and this Loan Agreement shall be deemed a third party beneficiary of all covenants and agreements herein contained.

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

ARTICLE VIII MISCELLANEOUS

Section 8.1. Entire Agreement. This Loan Agreement, the Supplemental Agreement, the Note, the Regulatory Agreement, the Deed of Trust and the Security Agreement from the Borrower to the Issuer constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, between the Issuer and the Borrower with respect to the subject matter hereof.

Section 8.2. Notices. All notices, certificates or other communications shall be in writing and shall be sufficiently given and shall be deemed given on the second day following the date on which the same have been personally delivered or mailed by overnight delivery service, or by first class mail postage prepaid, addressed as set forth in Section 11.06 of the Indenture.

Section 8.3. Assignments. This Loan Agreement may not be assigned by any party without the prior written consent of the other, except that the Issuer shall assign its rights under this Loan Agreement pursuant to the Indenture, and except also that the Borrower may assign to any transferee its rights under this Loan Agreement as provided by Section 6.2.

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

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

Section 8.6. Amendments, Changes and Modifications. Except as otherwise provided in this Loan Agreement, subsequent to the issuance of the Notes and prior to its payment in full (or provision for payment thereof having been made in accordance with the provisions of the Indenture), this Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the parties hereto and the Bondowner Representative.

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

Section 8.8. Term of Agreement. This Loan Agreement shall be in full force and effect from the date hereof until such time as both of the Notes shall have been fully paid or provision made for such payment. Time is of the essence in this Loan Agreement.

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

[Remainder of page intentionally left blank]

Section 8.10. Binding Effect; Third Party Beneficiary. This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Borrower and their respective successors and assigns. The Bondowner Representative is an intended third party beneficiary of this Loan Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Loan Agreement, all as of the date first above written.

COUNTY OF CONTRA COSTA

By: 
James Kennedy,
Deputy Director – Redevelopment

LOS MEDANOS VILLAGE, L.P., a California limited partnership

By: RCD Housing LLC,
a California limited liability company,
its general partner

By: 112 Alves Lane, Inc.,
a California nonprofit public benefit corporation,
its sole member/manager

By: 
Daniel Sawislak,
Executive Director

03007.22:J10079

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THE TRANSFERABILITY HEREOF IS RESTRICTED BY THE TERMS OF THE INDENTURE DESCRIBED HEREIN.

****\$837,000.00****

**COUNTY OF CONTRA COSTA
MULTIFAMILY HOUSING REVENUE BOND
(LOS MEDANOS VILLAGE),
SERIES 2008D-1 (TERM LOAN)**

REGISTERED OWNER: WELLS FARGO BANK, NATIONAL ASSOCIATION

PRINCIPAL SUM: EIGHT HUNDRED THIRTY-SEVEN THOUSAND DOLLARS

DATED DATE: November 6, 2008

The County of Contra Costa, a political subdivision and body corporate and politic of the State of California, duly organized and existing under the Constitution and laws of the State of California (herein called the "Issuer"), for value received, hereby promises to pay (but only out of Revenues as hereinafter provided) to the Registered Owner identified above or registered assigns, on November 1, 2028 (subject to prior redemption as provided herein) the sum of up to Eight Hundred Thirty-Seven Thousand Dollars (\$837,000.00) in lawful money of the United States, with interest thereon from the date of disbursement until paid at the rate described below. The actual unpaid principal hereof shall be equal to the funds disbursed by the Bondowner under the Indenture (as defined below) to fund the Loan (as defined below), less any portion of the principal hereof redeemed pursuant to the Indenture. Capitalized terms used in this Bond and not defined herein shall have the meanings given such terms in the Indenture.

The Issuer shall make monthly payments on this Bond of accrued interest only on funds actually disbursed by the Bondowner under the Indenture to fund the Loan to the Borrower under the Loan Agreement. This Bond shall bear interest, payable on the first day of each month, commencing December 1, 2008 (each, an "Interest Payment Date") at the same rate of interest as in effect from time to time on the Term Note, and computed in the same manner as interest is computed from time to time on the Term Note, as provided in Section 2.02 of the Indenture. In addition, principal of this Bond shall be payable in installments on the same dates and in the same amounts as is the principal payable on the Loan, as evidenced by the Term Note, as provided in Section 2.02 of the Indenture.

This Bond shall bear interest from the date to which interest has been paid on this Bond next preceding the date of authentication hereof, unless this Bond is authenticated as of an Interest Payment Date for which interest has been paid, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the first Interest Payment Date, in which event it shall bear interest from the Closing Date.

In the event the Issuer fails to make the timely payment of any monthly payment, the Issuer shall pay interest on the then Outstanding Balance at a default rate (the "Default Rate") equal to the interest rate then in effect under this Bond plus five percent (5%) (solely from amounts received from the Borrower as late charges the Default Rate under the Loan

Agreement (as defined in the Indenture), subject to any maximum rate specified for the Note as provided in the Supplemental Agreement (as such terms are defined in the Indenture).

This Bond is one of a duly authorized issue of bonds of the Issuer designated as "County of Contra Costa Multifamily Housing Revenue Bonds (Los Medanos Village), Series 2008D-1 (Term Loan)" (the "Bonds"), in the initial aggregate principal amount of \$837,000*, authorized to be issued pursuant to Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California, and issued under and secured by an Indenture of Trust, dated as of November 1, 2008 (the "Indenture"), between the Issuer and Wells Fargo Bank, National Association, as the initial Bondowner Representative. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Bondowner Representative and of the rights and obligations of the Issuer thereunder, to all of the provisions of which Indenture the holder of this Bond, by acceptance hereof, assents and agrees. The proceeds of the Bonds will be used to make a loan to the Borrower pursuant to a Loan Agreement, dated as of November 1, 2008 (the "Loan Agreement") between the Issuer and the Borrower, to finance the construction of a residential rental project to be known as Los Medanos Village to be located in the City of Pittsburg, California. The Loan Agreement is subject to the terms of a Supplemental Agreement, dated as of November 1, 2008, among the Issuer, the Bondowner Representative and the Borrower.

THE BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE EXCLUSIVELY FROM REVENUES AND RECEIPTS UNDER THE INDENTURE. THE BONDS DO NOT CONSTITUTE A DEBT OF THE ISSUER, OR OF THE STATE OF CALIFORNIA, OR OF ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, OR OF THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF. THE BONDS SHALL NOT CONSTITUTE A GENERAL OBLIGATION OF OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE ISSUER, BUT SHALL BE A SPECIAL, LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES DESCRIBED IN THE INDENTURE, AND NOT OTHERWISE.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THIS BOND AGAINST ANY PAST, PRESENT OR FUTURE OFFICER, MEMBER OF THE BOARD OF SUPERVISORS, EMPLOYEE OR AGENT OF THE ISSUER, OR OF ANY SUCCESSOR TO THE ISSUER, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR TO THE ISSUER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, BOARDMEMBERS, EMPLOYEES OR AGENTS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS BOND.

The Bonds are limited obligations of the Issuer and, as and to the extent set forth in the Indenture, are payable solely from, and secured by a pledge of and lien on, the Revenues (as that term is defined in the Indenture), consisting primarily of amounts paid by the Borrower pursuant to the Loan Agreement. The Indenture also authorizes the issuance of up to \$12,835,085* principal amount of the Issuer's County of Contra Costa Multifamily Housing Revenue Bonds (Los Medanos Village), 2008 Series D-2 (Construction Loan), which bonds are secured on a parity with the Bonds under the Indenture, except that any payment on or

* Subject to the provisions of the second paragraph of Section 2.01 of the Indenture referenced herein.

prepayment of the Construction Note (as such term is defined in the Indenture) will be applied solely to the payment of such other series of bonds.

The Bonds shall be subject to redemption prior to maturity, at a price and upon such terms as are provided in the Indenture. No notice of redemption of Bonds need be given to the registered owners of the Bonds, and the owner of this Bond, by acceptance hereof, expressly waives any requirement for any notice of redemption.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture.

This Bond is transferable by the registered owner hereof, in person, or by its attorney duly authorized in writing, at the Principal Office of the Bondowner Representative, but only in the manner, subject to the limitations (including those contained in Section 2.05(b) of the Indenture) and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond will be issued to the transferee in exchange herefor. The Issuer and the Bondowner Representative may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Issuer and the Bondowner Representative shall not be affected by any notice to the contrary. By its acceptance of this Bond, the registered owner hereof agrees not to sell any participating interests in this Bond without the prior written consent of the Issuer which may be given in its sole discretion.

The Indenture contains provisions permitting the Issuer and the Bondowner Representative to execute supplemental indentures adding provisions to, or changing or eliminating any of the provisions of, the Indenture, subject to the limitations set forth in the Indenture. In the event of any inconsistency between the provisions of this Bond and the provisions of the Indenture, the provisions of the Indenture shall be controlling.

The Issuer hereby certifies that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California (including the Act) and that the amount of this Bond, together with all other indebtedness of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Bondowner Representative.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name by the manual or facsimile signature of its Chair of the Board of Supervisors and attested by the manual or facsimile signature of its Clerk of the Board of Supervisors all as of the Dated Date above.

COUNTY OF CONTRA COSTA

By: 
Chair of the Board of Supervisors

Attest:

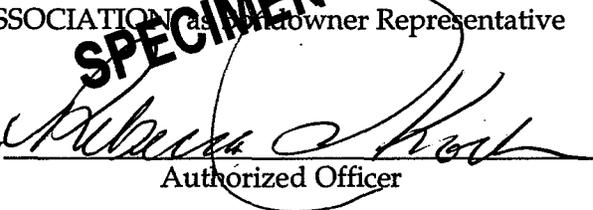
By: 
Clerk of the Board of Supervisors

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture and has been authenticated and registered on this date:

Date: November 6, 2008

WELLS FARGO BANK NATIONAL ASSOCIATION as Lender Representative

SPECIMEN
By: 
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned, hereby sells, assigns and transfers unto _____ (Tax Identification or Social Security No. _____) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power or substitution in the premises.

Date: _____

Signature Guaranteed:
NOTICE: Signature(s) must be guaranteed by a signature guarantor institution that is a participant in a nationally recognized signature guarantor program.

Signature
NOTICE: The signature to this assignment must correspond with the name of the registered owner of the within bond as it appears on the face hereof in every particular, without alteration or enlargement or any change whatever, and the Social Security number or federal employer identification must be supplied.

SPECIMEN

November 6, 2008

County of Contra Costa
2530 Arnold Drive
Martinez, California 94553

OPINION: \$837,000 County of Contra Costa Multifamily Housing Revenue Bonds (Los Medanos Village), Series 2008D-1 (Term Loan) and up to \$12,835,085 County of Contra Costa Multifamily Housing Revenue Bonds (Los Medanos Village), Series 2008D-2 (Construction Loan)

Members of the Board of Supervisors:

We have acted as bond counsel in connection with the issuance by the County of Contra Costa, California (the "Issuer") of its \$837,000 County of Contra Costa Multifamily Housing Revenue Bonds (Los Medanos Village), Series 2008D-1 (Term Loan) and up to \$12,835,085 County of Contra Costa Multifamily Housing Revenue Bonds (Los Medanos Village), Series 2008D-2 (Construction Loan) (collectively, the "Bonds"), pursuant to Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, a resolution adopted by the Board of Supervisors of the Issuer on September 23, 2008, and an Indenture of Trust, dated as of November 1, 2008 (the "Indenture") between the Issuer and Wells Fargo Bank, National Association, as Bondowner Representative (the "Bondowner Representative"). The proceeds of the Bonds will be used to make two loans to Los Medanos Village, L.P., a California limited partnership (the "Borrower"), pursuant to the terms of a Loan Agreement, dated as of November 1, 2008 (the "Loan Agreement"), between the Issuer and the Borrower, as supplemented by a Supplemental Agreement, dated as of November 1, 2008 (the "Supplemental Agreement"), among the Borrower, the Issuer and the Bondowner Representative. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Indenture and in the certified proceedings and certifications of public officials and of the Borrower furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing we are of the opinion, under existing law, as follows:

1. The Issuer is a public body, corporate and politic, organized and existing under the laws of the State of California, with the power to enter into the Indenture, perform the agreements on its part contained therein and issue the Bonds.

2. The Indenture, the Loan Agreement and the Supplemental Agreement have been duly entered into by the Issuer, and constitute valid and binding obligations of the Issuer enforceable upon the Issuer in accordance with their respective terms.

3. The Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds.

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding limited obligations of the Issuer, payable solely from the sources provided therefor in the Indenture.

5. Subject to the Issuer's and the Borrower's compliance with certain covenants, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except during any period while a Bond is held by a "substantial user" of the facilities financed by the Bonds or a "related person" within the meaning of section 147(a) of the Code; and, under section 55 of the Code, such interest is not an item of tax preference in computing the federal alternative minimum tax imposed on individuals and corporations, and is not taken into account as an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure by the Issuer or the Borrower to comply with one or more of such covenants could cause interest on the Bonds to not be excludable from gross income under section 103 of the Code for federal income tax purposes retroactively to the date of issuance of the Bonds.

6. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Loan Agreement and the Supplemental Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with general principles of equity.

In rendering this opinion, we have relied upon certifications of the Issuer, the Borrower and others with respect to certain material facts. Our opinion represents our legal judgment based upon such review of the law and facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

SPECIMEN
G. J. + T. L. W.

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. THE TRANSFERABILITY HEREOF IS RESTRICTED BY THE TERMS OF THE INDENTURE DESCRIBED HEREIN.

****12,835,085.00****

**COUNTY OF CONTRA COSTA
MULTIFAMILY HOUSING REVENUE BOND
(LOS MEDANOS VILLAGE),
SERIES 2008D-2 (CONSTRUCTION LOAN)**

REGISTERED OWNER: WELLS FARGO BANK, NATIONAL ASSOCIATION

PRINCIPAL SUM: TWELVE MILLION EIGHT HUNDRED THIRTY-FIVE THOUSAND EIGHTY-FIVE DOLLARS

DATED DATE: November 6, 2008

The County of Contra Costa, a political subdivision and body corporate and politic of the State of California, duly organized and existing under the Constitution and laws of the State of California (herein called the "Issuer"), for value received, hereby promises to pay (but only out of Revenues as hereinafter provided) to the registered Owner identified above or registered assigns, on November 1, 2011 (subject to prior redemption as provided herein) the sum of up to Twelve Million Eight Hundred Thirty-Five Thousand Eighty-Five Dollars (\$12,835,085.00) in lawful money of the United States, with interest thereon from the date of disbursement until paid at the rate described below. The actual unpaid principal hereof shall be equal to the funds disbursed by the Bondowner under the Indenture (as defined below) to fund the Loan (as defined below), less any portion of the principal hereof redeemed pursuant to the Indenture. Capitalized terms used in this Bond and not defined herein shall have the meanings given such terms in the Indenture.

The Issuer shall make monthly payments on this Bond of accrued interest only on funds actually disbursed by the Bondowner under the Indenture to fund the Loan to the Borrower under the Loan Agreement. This Bond shall bear interest, payable on the first day of each month, commencing December 1, 2008 (each, an "Interest Payment Date") at the same rate of interest as in effect from time to time on the Construction Note, and computed in the same manner as interest is computed from time to time on the Construction Note, as provided in Section 2.02 of the Indenture. In addition, principal of this Bond shall be payable in installments on the same dates and in the same amounts as is the principal payable on the Loan, as evidenced by the Construction Note, as provided in Section 2.02 of the Indenture.

This Bond shall bear interest from the date to which interest has been paid on this Bond next preceding the date of authentication hereof, unless this Bond is authenticated as of an Interest Payment Date for which interest has been paid, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the first Interest Payment Date, in which event it shall bear interest from the Closing Date.

In the event the Issuer fails to make the timely payment of any monthly payment, the Issuer shall pay interest on the then Outstanding Balance at a default rate (the "Default Rate") equal to the interest rate then in effect under this Bond plus five percent (5%) (solely from

amounts received from the Borrower as late charges the Default Rate under the Loan Agreement (as defined in the Indenture), subject to any maximum rate specified for the Note as provided in the Supplemental Agreement (as such terms are defined in the Indenture).

This Bond is one of a duly authorized issue of bonds of the Issuer designated as "County of Contra Costa Multifamily Housing Revenue Bonds (Los Medanos Village), Series 2008D-2 (Construction Loan)" (the "Bonds"), in the initial aggregate principal amount of up to \$12,835,085*, authorized to be issued pursuant to Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California, and issued under and secured by an Indenture of Trust, dated as of November 1, 2008 (the "Indenture"), between the Issuer and Wells Fargo Bank, National Association, as the initial Bondowner Representative. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Bondowner Representative and of the rights and obligations of the Issuer thereunder, to all of the provisions of which Indenture the holder of this Bond, by acceptance hereof, assents and agrees. The proceeds of the Bonds will be used to make a loan to the Borrower pursuant to a Loan Agreement, dated as of November 1, 2008 (the "Loan Agreement") between the Issuer and the Borrower, to finance the construction of a residential rental project to be known as Los Medanos Village to be located in the City of Pittsburg, California. The Loan Agreement is subject to the terms of a Supplemental Agreement, dated as of November 1, 2008, among the Issuer, the Bondowner Representative and the Borrower.

THE BONDS AND THE INTEREST THEREON ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE EXCLUSIVELY FROM REVENUES AND RECEIPTS UNDER THE INDENTURE. THE BONDS DO NOT CONSTITUTE A DEBT OF THE ISSUER, OR OF THE STATE OF CALIFORNIA, OR OF ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, OR OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF. THE BONDS SHALL NOT CONSTITUTE A GENERAL OBLIGATION OF OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE ISSUER, BUT SHALL BE A SPECIAL, LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES DESCRIBED IN THE INDENTURE, AND NOT OTHERWISE.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THIS BOND AGAINST ANY PAST, PRESENT OR FUTURE OFFICER, MEMBER OF THE BOARD OF SUPERVISORS, EMPLOYEE OR AGENT OF THE ISSUER, OR OF ANY SUCCESSOR TO THE ISSUER, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR TO THE ISSUER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, BOARDMEMBERS, EMPLOYEES OR AGENTS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS BOND.

The Bonds are limited obligations of the Issuer and, as and to the extent set forth in the Indenture, are payable solely from, and secured by a pledge of and lien on, the Revenues (as that term is defined in the Indenture), consisting primarily of amounts paid by the Borrower pursuant to the Loan Agreement. The Indenture also authorizes the issuance of up to \$837,000* principal amount of the Issuer's County of Contra Costa Multifamily Housing Revenue Bonds

* Subject to the provisions of the second paragraph of Section 2.01 of the Indenture referenced herein.

(Los Medanos Village), 2008 Series D-1 (Term Loan), which bonds are secured on a parity with the Bonds under the Indenture, except that any payment on or prepayment of the Term Note (as such term is defined in the Indenture) will be applied solely to the payment of such other series of bonds.

The Bonds shall be subject to redemption prior to maturity, at a price and upon such terms as are provided in the Indenture. No notice of redemption of Bonds need be given to the registered owners of the Bonds, and the owner of this Bond, by acceptance hereof, expressly waives any requirement for any notice of redemption.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture.

This Bond is transferable by the registered owner hereof, in person, or by its attorney duly authorized in writing, at the Principal Office of the Bondowner Representative, but only in the manner, subject to the limitations (including those contained in Section 2.05(b) of the Indenture) and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond will be issued to the transferee in exchange herefor. The Issuer and the Bondowner Representative may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Issuer and the Bondowner Representative shall not be affected by any notice to the contrary. By its acceptance of this Bond, the registered owner hereof agrees not to sell any participating interests in this Bond without the prior written consent of the Issuer which may be given in its sole discretion.

The Indenture contains provisions permitting the Issuer and the Bondowner Representative to execute supplemental indentures adding provisions to, or changing or eliminating any of the provisions of, the Indenture, subject to the limitations set forth in the Indenture. In the event of any inconsistency between the provisions of this Bond and the provisions of the Indenture, the provisions of the Indenture shall be controlling.

The Issuer hereby certifies that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in connection with the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of California (including the Act) and that the amount of this Bond, together with all other indebtedness of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

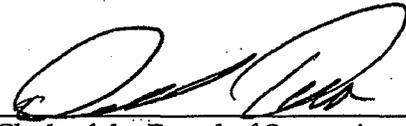
This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been manually signed by the Bondowner Representative.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name by the manual or facsimile signature of its Chair of the Board of Supervisors and attested by the manual or facsimile signature of its Clerk of the Board of Supervisors all as of the Dated Date above.

COUNTY OF CONTRA COSTA

By: 
Chair of the Board of Supervisors

Attest:

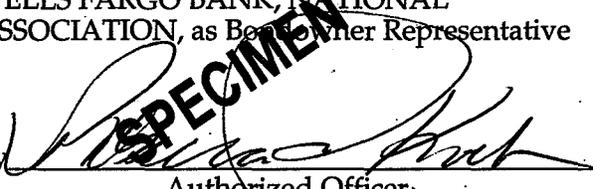
By: 
Clerk of the Board of Supervisors

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture and has been authenticated and registered on this date:

Date: November 6, 2008

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Bond Buyer Representative

By: 
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned, hereby sells, assigns and transfers unto _____ (Tax Identification or Social Security No. _____) the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power or substitution in the premises.

Date: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a signature guarantor institution that is a participant in a nationally recognized signature guarantor program.

Signature

NOTICE: The signature to this assignment must correspond with the name of the registered owner of the within bond as it appears on the face hereof in every particular, without alteration or enlargement or any change whatever, and the Social Security number or federal employer identification must be supplied.

SPECIMEN

November 6, 2008

County of Contra Costa
2530 Arnold Drive
Martinez, California 94553

OPINION: \$837,000 County of Contra Costa Multifamily Housing Revenue Bonds (Los Medanos Village), Series 2008D-1 (Term Loan) and up to \$12,835,085 County of Contra Costa Multifamily Housing Revenue Bonds (Los Medanos Village), Series 2008D-2 (Construction Loan)

Members of the Board of Supervisors:

We have acted as bond counsel in connection with the issuance by the County of Contra Costa, California (the "Issuer") of its \$837,000 County of Contra Costa Multifamily Housing Revenue Bonds (Los Medanos Village), Series 2008D-1 (Term Loan) and up to \$12,835,085 County of Contra Costa Multifamily Housing Revenue Bonds (Los Medanos Village), Series 2008D-2 (Construction Loan) (collectively, the "Bonds"), pursuant to Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, a resolution adopted by the Board of Supervisors of the Issuer on September 9, 2008, and an Indenture of Trust, dated as of November 1, 2008 (the "Indenture"), between the Issuer and Wells Fargo Bank, National Association, as Bondowner Representative (the "Bondowner Representative"). The proceeds of the Bonds will be used to make two loans to Los Medanos Village, L.P., a California limited partnership (the "Borrower"), pursuant to the terms of a Loan Agreement, dated as of November 1, 2008 (the "Loan Agreement"), between the Issuer and the Borrower, as supplemented by a Supplemental Agreement, dated as of November 1, 2008 (the "Supplemental Agreement"), among the Borrower, the Issuer and the Bondowner Representative. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Indenture and in the certified proceedings and certifications of public officials and of the Borrower furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing we are of the opinion, under existing law, as follows:

1. The Issuer is a public body, corporate and politic, organized and existing under the laws of the State of California, with the power to enter into the Indenture, perform the agreements on its part contained therein and issue the Bonds.

2. The Indenture, the Loan Agreement and the Supplemental Agreement have been duly entered into by the Issuer, and constitute valid and binding obligations of the Issuer enforceable upon the Issuer in accordance with their respective terms.

3. The Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds.

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding limited obligations of the Issuer, payable solely from the sources provided therefor in the Indenture.

5. Subject to the Issuer's and the Borrower's compliance with certain covenants, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except during any period while a Bond is held by a "substantial user" of the facilities financed by the Bonds or a "related person" within the meaning of section 147(a) of the Code; and, under section 55 of the Code, such interest is not an item of tax preference in computing the federal alternative minimum tax imposed on individuals and corporations, and is not taken into account as an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure by the Issuer or the Borrower to comply with one or more of such covenants could cause interest on the Bonds to not be excludable from gross income under section 103 of the Code for federal income tax purposes retroactively to the date of issuance of the Bonds.

6. Interest on the Bonds is exempt from personal income taxation imposed by the State of California.

Ownership of the Bonds may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds, the Indenture, the Loan Agreement and the Supplemental Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with general principles of equity.

In rendering this opinion, we have relied upon certifications of the Issuer, the Borrower and others with respect to certain material facts. Our opinion represents our legal judgment based upon such review of the law and facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any change in law that may hereafter occur.

Respectfully submitted,

Amelia T. LLP

REPORT OF PROPOSED DEBT ISSUANCE

California Debt and Investment Advisory Commission
915 Capitol Mall, Room 400, Sacramento, CA 95814
P.O. Box 942809, Sacramento, CA 94209-0001
Tel.: (916) 653-3269 FAX: (916) 654-7440

For Office Use Only
CDIAC NO.: 08-408
Received 9-12-2008

Completion and timely submittal of this form to the California Debt and Investment Advisory Commission (CDIAC) at the above address will assure your compliance with existing California State law and will assist in the maintenance of a complete data base. Thank you for your cooperation.¹

ISSUER NAME: COUNTY OF CONTRA COSTA
ISSUE NAME: Multifamily Housing Revenue Bonds (Los Medanos Village), 2008 Series D

Please specify type/name of project: Los Medanos Village

PROPOSED SALE DATE: 10/17/2008 PROPOSED PRINCIPAL TO BE SOLD: \$ 15,330,000

IS ANY PORTION OF THE DEBT FOR REFUNDING? ²
 No Yes, proposed amount for refunding \$

Issuer Contact:

Name: Jim Kennedy
Title: Redevelopment Director 861
Address: 2530 Arnold Drive, Suite 190, Martinez, CA 94553-1229
Phone: (925) 335-1255 E-mail: jkenn@cd.cccounty.us Issuer Located In Contra Costa County

Filing Contact: Name of individual (representing Bond Counsel, Issuer, Financial Advisor, or Lead Underwriter) who completed this form and may be contacted for information:

Name: Paul J. Thimmig
Firm/Agency: Quint & Thimmig LLP
Address: 575 Market Street, Suite 3600, San Francisco, CA 94105
Phone: (415) 765-1550 E-mail: pthimmig@qtlp.com
Send acknowledgment/copies to: E-mail:

FINANCING PARTICIPANTS:

BOND COUNSEL: Quint & Thimmig LLP
FINANCIAL ADVISOR:
UNDERWRITER/PURCHASER: Wells Fargo Bank

IS THE INTEREST ON THE DEBT TAXABLE?

Under State Law: NO (tax-exempt) YES (taxable)
Under Federal Law: NO (tax-exempt) YES (taxable)

If the issue is federally tax-exempt, is interest a specific preference item for the purpose of alternative minimum tax?
 Yes, preference item No, not a preference item

TYPE OF SALE: Competitive Negotiated

¹ Section 8855(k) of the California Government Code requires the issuer of any proposed new public debt issue to give written notice of the proposed sale to the CDIAC no later than 30 days prior to the sale. Under California Government Code Section 8855(l)(k) "The issuer of any new public debt issue shall, not later than 45 days after the signing of the bond purchase contract in a negotiated or private financing, or after the acceptance of a bid in a competitive offering, submit a report of final sale and official statement to the Commission. The Commission may require information to be submitted in the report of final sale that is considered appropriate."

² Section 53583(c)(2)(B) of the California Government Code requires that any local agency selling refunding bonds at private sale or on a negotiated basis shall send a written statement, within two weeks after the bonds are sold, to the CDIAC explaining the reasons why the local agency determined to sell the bonds at private sale or on a negotiated basis instead of at public sale.

TYPE OF DEBT INSTRUMENT

NOTE

- Bond anticipation (BAN)
- Grant obligation (GAN)
- Other note (Please specify below.) (OTHN)
- Revenue anticipation (RAN)
- Tax allocation (TALN)
- Tax and revenue anticipation (TRAN)
- Tax anticipation (TAN)

- Commercial paper (CP)
- Certificates of participation/leases (COP/L)
- Other (Please specify below.) (OTH)

BOND

- Conduit revenue (Private obligor) (CRB)
- General obligation (GOB)
- Limited tax obligation (LTOB)
- Other bond (please specify below) (OTHB)
- Public lease revenue (PLRB)
- Revenue (Pool) (RB)
- Revenue (public enterprise) (PERB)
- Sales tax revenue (STRB)
- Special assessment (SAB)
- Tax-allocation (TAB)

Please specify "Othernote/Other bond/Other" was checked: _____

SOURCE(S) OF REPAYMENT

- Bond proceeds (BDPR)
- General fund of issuing jurisdiction (GNFD)
- Grants (GRNT)
- Intergovernmental transfers other than grant (ITGV)
- Local obligations (LOB)
- Private obligor payments (POP)
- Other (Please specify.) (OTHS): _____

- Property tax revenues (PRTX)

- Public enterprise revenues (PER)
- Sales tax revenues (SATR)
- Special assessments (SA)
- Special tax revenues (SPTR)
- Tax-increment (TI)

PURPOSE(S) OF FINANCING

- Cash flow, interim financing (CFIF)
- Project, interim financing (PIF)

- College/university housing (CUH)
- Multifamily housing (MFH)
- Single-family housing (SFH)

- Health care facilities (HCF)
- Hospital (HOSP)
- Other/multiple health care purposes (equipment, etc.) (OMHC)

- College/university facility (CUF)
- K-12 school facility (KSCH)
- Other/multiple educational uses (equipment, etc.) (OMED)
- Student loans (SLC)

- Redevelopment, multiple uses (RD)

- Commercial development (CMDV)
- Industrial development (INDV)
- Pollution control (PC)

- Multiple capital improvements and public works (MCAP)
- Other capital improvements and public works (OCAP)
- Parking (PRKG)
- Parks/open space (PRKO)
- Ports and marinas (PRTS)
- Power generation/transmission (PWR)
- Prisons/jails/correctional facilities (PRSN)
- Public building (PB)
- Public transit (PTR)
- Recreation and sports facilities (RCSP)
- Seismic safety improvements/repair (SSI)
- Solid waste recovery facilities (SWST)
- Street construction and improvements (SCI)
- Wastewater collection and treatment (WSTW)
- Water supply/storage/distribution (WTR)

- Insurance/pension funds (IPF)
- Other than listed above (OTH)

- Airport (APRT)
- Bridges and highways (BRHI)
- Convention center (CCTR)
- Equipment (EQU)
- Flood control/storm drainage (FLDS)

Please specify type/name of project if different from above: _____