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TRUST INDENTURE

Between

**COUNTY OF CONTRA COSTA, CALIFORNIA,
as Issuer**

and

**WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee**

Dated as of June 1, 2009

Relating to:

**\$5,310,000
COUNTY OF CONTRA COSTA, CALIFORNIA
MULTIFAMILY HOUSING REVENUE REFUNDING BONDS
(WILLOW PASS APARTMENTS)
SERIES 2009A**

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TRUST INDENTURE

This TRUST INDENTURE, dated as of June 1, 2009 (this "Indenture"), is entered into between the COUNTY OF CONTRA COSTA, CALIFORNIA, a political subdivision of the State of California (the "Issuer") and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America (together with any successor trustee thereunder, the "Trustee");

RECITALS

WHEREAS, the Issuer is authorized and empowered under Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as the same may be amended from time to time (the "Act"), to issue bonds and to lend the proceeds thereof to qualified borrowers for the purpose of financing and refinancing, among other things, the acquisition and rehabilitation of multifamily housing projects for persons and families of low and very low income residing within the State of California (the "State"); and

WHEREAS, the Act authorizes the Issuer: (a) to make loans to any person to provide financing and refinancing for rental residential developments located within the jurisdiction of the Issuer and intended to be occupied in part by persons of low and very low income, as determined by the Issuer; (b) to issue its revenue bonds for the purpose of obtaining moneys to make such loans and provide such financing or refinancing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Issuer, including the revenues and receipts to be received by the Issuer from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Issuer in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, Willow Partners, L.P., a California limited partnership (the "Borrower"), has requested the Issuer to issue revenue bonds designated as its \$5,310,000 Multifamily Housing Revenue Refunding Bonds (Willow Pass Apartments) Series 2009A (the "Bonds") and to loan the proceeds from the sale thereof (the "Loan") to the Borrower; and

WHEREAS, the proceeds of the Loan, together with other amounts, will be applied to redeem, in whole, the Issuer's Multifamily Housing Revenue Bonds (Willow Pass Apartments), Series 1999D (the "Prior Bonds"), which Prior Bonds were previously issued to finance the acquisition and rehabilitation of a multifamily rental housing development located in the County of Contra Costa, California, known as Willow Pass Apartments (the "Project"), and for certain other uses identified herein; and

WHEREAS, simultaneously with the delivery of this Indenture, the Issuer and the Borrower will enter into a Loan Agreement, dated as of the date of this Indenture (the "Loan Agreement"), whereby the Borrower agrees to make loan payments to the Issuer in an amount which, when added to other funds available under this Indenture, will be sufficient to pay the Bond Obligations (as defined herein) and to pay all costs and expenses related thereto when due; and

WHEREAS, to evidence its payment obligations under the Loan Agreement, the Borrower will execute and deliver a Multifamily Note, dated as of the date of this Indenture (the "Note"), and the obligations of the Borrower under the Note will be secured by a lien on and security interest in the Project pursuant to a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of the date of this Indenture (the "Mortgage"), made by the Borrower in favor of the Issuer and the Swap Provider, as assigned to the extent of its interests therein, by the Issuer to the Trustee for the benefit of the Bondholders; and

WHEREAS, simultaneously with the delivery of this Indenture, the Borrower and the Swap Provider (as defined herein) will enter into a Swap Agreement (as defined herein), whereby the Borrower will be obligated to make payments thereunder; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee and issued as provided in this Indenture, valid, binding and legal limited obligations of the Issuer and to constitute this Indenture a valid and binding agreement securing the payment of the principal of, premium, if any, and interest on the Bonds issued and to be issued hereunder, have been done and performed and the execution and delivery of this Indenture and the execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

It is hereby covenanted and declared that the Bonds are to be authenticated and delivered and the Trust Estate (as hereinafter defined) subject to this Indenture is to be held and applied by the Trustee, subject to the covenants, conditions and trusts hereinafter set forth, and the Issuer does hereby covenant and agree to and with the Trustee, for the benefit (except as otherwise expressly provided herein) of the Bondholders, as follows:

ARTICLE I

OTHER PROVISIONS OF GENERAL APPLICATION

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

(a) Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in this Article I.

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

(c) All references made (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well. Singular terms shall include the plural as well as the singular, and vice versa.

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

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

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

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

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

“Act” shall mean Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as the same may be amended from time to time (but only to the extent any such amendments, by their terms or by appropriate election of the Issuer, apply to the Bonds outstanding as of the effective date of such amendments).

“Act of Bankruptcy” shall mean the filing of a petition in bankruptcy (or any other commencement of a bankruptcy or similar proceeding) under any applicable bankruptcy, insolvency, reorganization, or similar law, now or hereafter in effect; provided that, in the case of

an involuntary proceeding, such proceeding is not dismissed within 90 days after the commencement thereof.

“Additional Payments” shall mean the payments payable pursuant to Section 2.7 and Section 5.17 of the Loan Agreement.

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

“Agreement of Environmental Indemnification” shall mean the Agreement of Environmental Indemnification, dated as of the date thereof, executed by the Borrower for the benefit of the Issuer, the Trustee and the Bondholder Representative.

“Amortization Schedule” shall mean the schedule of monthly debt service payments on the Note as set forth therein, as such schedule may be amended from time to time.

“Approved Accounting Method” shall mean generally accepted accounting principles applicable to entities organized as the Borrower in the United States of America as of the date of the applicable financial report, or such other modified accrual or cash basis system of accounting approved by the Bondholder Representative.

“Authorized Amount” shall mean \$5,310,000, the principal amount of Bonds authorized to be issued under this Indenture.

“Authorized Borrower Representative” shall mean a person at the time designated and authorized to act on behalf of the Borrower by a written certificate furnished to the Issuer, the Bondholder Representative and the Trustee and containing the specimen signature of such person and signed on behalf of the Borrower by its General Partner which certificate may designate one or more alternates.

“Authorized Denomination” shall mean \$250,000 principal amount and any multiple of \$1.00 in excess thereof.

“Authorized Issuer Representative” shall mean the Chair, Vice-Chair, County Administrator, Director of Community Development and Deputy Director-Redevelopment or any other person duly authorized by the Issuer to perform a specified act, to sign a specified document or to act generally, on behalf of the Issuer.

“Bankruptcy Code” shall mean the United States Bankruptcy Reform Act of 1978, as amended from time to time, or any substitute or replacement legislation.

“Bankruptcy Proceeding” shall have the meaning ascribed thereto in Section 4.1.8 of the Loan Agreement.

“Beneficial Owner” shall mean the person in whose name a Bond is recorded as beneficial owner of such Bond by the Trustee or by a Securities Depository, a Participant or an Indirect Participant on the records of the Trustee or of a Securities Depository, a Participant or an Indirect Participant, as the case may be, or such person’s subrogee.

“Bond Counsel” shall mean, collectively, Orrick, Herrington & Sutcliffe LLP or any other attorney or firm of attorneys designated by the Issuer and approved by the Bondholder Representative having a national reputation for skill in connection with the authorization and issuance of municipal obligations under Sections 103 and Sections 141 through 150 (or any successor provisions) of the Code.

“Bond Coupon Rate” shall mean the USD-SIFMA Municipal Swap Index plus 0.80%, applied on the basis of the actual number of days in the period in respect of which payment is being made divided by 365 (or, if any portion of that period falls in a leap year, the sum of (A) the actual number of days in that portion of the period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the period falling in a non-leap year divided by 365).

“Bond Coupon Rate Determination Date” shall mean the date of initial delivery of the Bonds and Thursday of each week thereafter; provided that if any Thursday is not a Business Day, the Bond Coupon Rate Determination Date shall be the immediately following Business Day.

“Bond Coupon Rate Period” shall mean the period from the Thursday immediately following the applicable Bond Coupon Rate Determination Date (or if Thursday or a day following is the day the Bond Coupon Rate is determined, from and including such day) to and including the following Wednesday, during which period the Bonds will bear interest at the applicable Bond Coupon Rate.

“Bond Documents” shall mean (a) the Loan Documents (which includes the Regulatory Agreement, the Note and the Mortgage), (b) this Indenture, (c) UCC financing statements, (d) such assignments of management agreements, contracts and other rights as may be reasonably required, (e) all other documents evidencing, securing, governing or otherwise pertaining to the Bonds or any other Bond Documents, and (f) all amendments, modifications, renewals and substitutions of any of the foregoing.

“Bond Fund” shall mean the Bond Fund created pursuant to Section 8.2 of this Indenture.

“Bond Obligations” shall mean the obligation of the Issuer to pay the principal and purchase price of and the interest and premium, if any, on all Bonds as required by and set forth in the Indenture.

“Bond Payment Date” shall mean (i) the first Thursday of each month, commencing July 2, 2009, and ceasing on the Maturity Date or (ii) any date the Bonds are subject to redemption pursuant to the provisions hereof and the Maturity Date. In any case where any Bond Payment Date is not a Business Day, then payment need not be made on such date, but may be made on the next succeeding Business Day.

“Bond Purchase Agreement” shall mean the Bond Purchase Agreement by and among the Issuer, the Bond Purchaser and the Borrower executed in connection with the Bonds.

“Bond Purchaser” shall mean Citicorp Municipal Mortgage Inc., a Delaware statutory trust.

“Bond Register” shall mean the register maintained by the Trustee pursuant to Section 4.5 of this Indenture on behalf of the Issuer for the registration and transfer of the Bonds.

“Bond Registrar” shall mean the Trustee, appointed as such pursuant to Section 4.5 hereof for the purpose of registering and transferring the Bonds, and its successors and assigns.

“Bondholder Representative” shall mean the Person or Persons who are designated by a Majority of Holders to act on behalf of the Bondholders as provided in Section 15.5 of this Indenture. Citicorp Municipal Mortgage Inc. shall be the initial Bondholder Representative. The Bondholder Representative may appoint a third party to serve as its representative in certain capacities, provided it does so in writing and provides such written designation to the Trustee.

“Bondholders,” “Holders,” “Owners” or “Registered Owners” shall mean the Person or Persons in whose name or names the Bonds are registered in the Bond Register.

“Bonds” means the County of Contra Costa Multifamily Housing Revenue Refunding Bonds (Willow Pass Apartments) Series 2009A.

“Book-Entry System” shall mean a book-entry system established and operated for the recordation of Beneficial Owners pursuant to Section 4.8 of this Indenture.

“Borrower” shall mean Willow Partners, L.P., a California limited partnership, and its successors and assigns.

“Borrower Debt” shall mean the unpaid principal of and premium, if any, and interest on the Note and other amounts owed or payable by the Borrower under the Note or the Loan Agreement.

“Borrower Payment Obligations” shall mean all payment obligations of the Borrower under the Note, the Loan Agreement, the Loan Documents and each of the other Bond Documents, including, but not limited to, the Monthly Loan Payments and the Additional Payments.

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

“Cap Agreement” shall mean any interest rate cap agreement between the Borrower or its designee and any counterparty, as such agreement may be amended, supplemented or substituted from time to time, which Cap Agreement shall be assigned to the Trustee.

“Cap Agreement Requirements” shall mean an interest rate cap with a strike rate of 6% (or such other rate as determined by the Bondholder Representative in its sole discretion), a term of at least 5 years, provided by a provider rated “AA” (or its equivalent) or higher and acceptable to the Bondholder Representative and otherwise consistent with industry standards, as determined by the Bondholder Representative in its sole discretion.

“Cap Fee Escrow” means the escrow account to be held by the Servicer to provide for payments made by the Borrower as required by Section 2.14 of the Loan Agreement for the purchase of a subsequent Cap Agreement.

“Cap Payments” shall mean payments received from time to time by the Trustee in accordance with the Cap Agreement.

“Capital Expenses” shall mean expenses that are required to be capitalized under the Approved Accounting Method.

“Casualty” shall have the meaning ascribed thereto in Section 7.2 of the Loan Agreement.

“Certificate of Authentication” shall mean the Certificate of Authentication attached to each Bond.

“Certificate of the Bondholder Representative” shall mean each and every certificate executed or required to be executed by the Bondholder Representative.

“Closing Date” shall mean June 1, 2009, the date of original issuance and delivery of the Bonds.

“Code” shall mean 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.

“Co-General Partner” shall mean Willow Assets LLC, a California limited liability company, and its successors and assigns.

“Condemnation” shall have the meaning ascribed thereto in the Mortgage.

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

“Costs of Issuance” shall mean the Issuance Fee and the fees, costs, expenses and other charges incurred in connection with the issuance of the Bonds, the negotiation and preparation of the Indenture and each of the other Bond Documents and shall include, but shall not be limited to, the following: (a) counsel fees (including but not limited to Bond Counsel, Issuer’s counsel, Trustee’s counsel, Borrower’s counsel, Bondholder Representative’s counsel and Bond Purchaser’s counsel); (b) Bondholder Representative and financial advisor fees incurred in connection with the issuance of the Bonds; (c) initial Trustee acceptance and set-up fees and expenses (including fees of the counsel to the Trustee) incurred in connection with the issuance of the Bonds; (d) Trustee and certifying and authenticating agent fees and expenses related to issuance of the Bonds; (e) printing costs (for the Bonds and of any preliminary and final offering

materials); (f) any recording fees; (g) any additional fees charged by the Issuer; and (h) costs incurred in connection with the required public notices generally and costs of the public hearing.

“Costs of Issuance Fund” shall mean the fund of the same name created by Section 8.2 of this Indenture.

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

“Default Rate” shall mean a rate per annum equal to the lesser of (i) the maximum rate permitted by applicable law, or (ii) the default rate set forth in the Note, in each case compounded monthly (computed on the basis of actual days elapsed in a 365- (or 366-) day year), as applicable.

“Disclosure Agreement” shall mean the Continuing Disclosure Agreement, dated as of the date of this Indenture, between the Borrower and the Dissemination Agent (as defined therein).

“Dissemination Agent” shall have the meaning ascribed thereto in the Disclosure Agreement.

“Eligible Funds” shall mean any moneys held by the Trustee in any fund or account under the Indenture and available, pursuant to the provisions hereof, to be used to pay principal of, premium, if any, or interest on, the Bonds.

“Equipment” shall have the meaning given to the term “Personalty” in the Mortgage.

“Equity Account” shall mean the Equity Account of the Loan Fund created pursuant to Section 8.2 herein.

“ERISA” shall mean the Employment Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated hereunder.

“ERISA Affiliate” shall mean all members of a controlled group of corporations and all trades and business (whether or not incorporated) under common control and all other entities which, together with the Borrower, are treated as a single employer under any or all of Section 414(b), (c), (m) or (o) of the Code.

“Event of Default” shall have the meaning ascribed thereto in Section 11.1 of this Indenture.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Expense Fund” shall mean the Expense Fund created pursuant to Section 8.2 of this Indenture.

“Fair Market Value” shall mean 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 (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) 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, (iii) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the Issuer and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

“Favorable Opinion of Counsel” shall mean, with respect to any action the taking of which requires such an opinion, an unqualified opinion of an attorney or a firm of attorneys designated by the Bondholder Representative, having a national reputation for skill in connection with the authorization and issuance of municipal obligations under Sections 103 and 141-150 (or any successor provisions) of the Code to the effect that such action will not impair the exclusion of interest on the Bonds from gross income for purposes of federal income taxation (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof).

“General Partner” shall mean jointly (a) Foundation for Social Resources, Inc., a Delaware non-profit public benefit corporation, as Managing General Partner of the Borrower, and its successors and assigns, and (b) Willow Assets LLC, a California limited liability company, as Co-General Partner, and its successors and assigns.

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

“Governmental Authority” shall mean any court, board, agency, commission, office or authority of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city or otherwise) now or hereafter in existence.

“Gross Proceeds” shall mean the aggregate of:

- (a) the net amount (after payment of all expenses of issuing the Bonds) of Bond proceeds received by the Issuer as a result of the sale of the Bonds;
- (b) all amounts received by the Issuer as a result of the investment of the Bond proceeds;

(c) any amounts held in any fund to the extent that the Issuer reasonably expects to use the amounts in such fund to pay any Bond Obligations; and

(d) any securities or obligations pledged by the Issuer or by the Borrower as security for the payment of any Bond Obligation.

“Guarantor” shall have the meaning ascribed thereto in the Mortgage.

“Hazardous Materials” shall have the meaning ascribed thereto in the Mortgage.

“Hazardous Materials Laws” shall have the meaning ascribed thereto in the Mortgage.

“Improvements” shall have the meaning ascribed thereto in the Mortgage.

“Indemnified Party” shall have the meaning ascribed thereto in Section 5.18 of the Loan Agreement.

“Indenture” shall mean this Trust Indenture, dated as of June 1, 2009, by and between the Issuer and the Trustee, as it may from time to time be supplemented, modified or amended by one or more indentures or other instruments supplemental thereto entered into pursuant to the applicable provisions thereof.

“Independent,” when used with respect to any person, shall mean a person who (a) is in fact independent, (b) does not have any direct financial interest or any material indirect financial interest in the Issuer, the Borrower, the Trustee, the Bondholder, the Servicer, the Manager or any other Person participating in the Bond financing (a “Financing Participant”) or in any obligor with respect to the Bonds or in any Affiliate of any Financing Participant or of any such obligor, and (c) is not connected with any Financing Participant or any such obligor as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

“Indexing Agent” shall mean the indexing agent appointed by the Bondholder Representative to determine the Bond Coupon Rate in accordance with the provisions of this Indenture. The initial Indexing Agent shall be Wells Fargo Bank, National Association.

“Indirect Participant” shall mean a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository through a Participant.

“Investment Agreement” shall mean any investment agreement, dated as of the date thereof, between the Trustee and the provider thereof; provided, such investment agreement must constitute a Permitted Investment.

“Investment Income” shall mean the earnings on any investment of the amounts on deposit in the funds and accounts established under this Indenture.

“Investor Letter” shall mean a letter in substantially the form attached to the Indenture as Exhibit E, duly executed by a purchaser of Bonds and delivered to the Trustee.

“Investor Limited Partner” shall mean, collectively, JER Hudson TCB Community Revitalization Fund I LP, a Delaware limited partnership, the tax credit equity limited partner of the Borrower, and any successors or assigns thereof.

“Issuance Fee” shall mean the initial issuance fee payable by the Trustee to the Issuer on or before the Closing Date, from amounts in the Costs of Issuance Fund.

“Issuer” shall mean the County of Contra Costa, California, a political subdivision of the State of California.

“Issuer’s Fee” shall mean the annual fee of the Issuer in the amount as set forth in and in accordance with and pursuant to the provisions of Section 20 of the Regulatory Agreement.

“Land” shall mean the parcel of real property located in the County of Contra Costa, on which the Improvements are located, as more particularly described in the Regulatory Agreement.

“Late Charge” shall mean the amount due and payable as a late charge on overdue payments under the Note, as provided in Section 7 of the Note and Section 2.9 of the Loan Agreement.

“Leases” shall mean the leases entered into for apartments units within the Project on the standard form of lease that has been approved by the Bondholder Representative.

“Legal Requirements” shall mean statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting all or part of the Project or any property or the rehabilitation, use, alteration or operation thereof, whether now or hereafter enacted and in force, and all permits, licenses and authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instrument, either of record or known to the Borrower, at any time in force affecting all or part of the Project, including any that may (i) require repairs, modifications or alterations in or to all or part of the Project, or (ii) in any way limit the use and enjoyment thereof.

“Letter of Representations” shall mean any letter of representations between the Issuer and a Securities Depository.

“Liabilities” shall have the meaning set forth in Section 5.18 of the Loan Agreement.

“Licenses” shall have the meaning set forth in Section 4.1.22 of the Loan Agreement.

“Lien” shall mean any interest, or claim thereof, in the Project securing an obligation owed to, or a claim by, any Person other than the owner of the Project, whether such interest is based on common law, statute or contract, including the lien or security interest arising from a deed of trust, mortgage, assignment, encumbrance, pledge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term “Lien” shall include reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting the Project.

“Limited Partnership Agreement” shall mean the Amended and Restated Agreement of Limited Partnership of the Borrower dated as of May 1, 1999, as amended, supplemented or restated from time to time.

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

“Loan Agreement” shall mean the Loan Agreement, dated as of the date of this Indenture, between the Issuer and the Borrower, as supplemented, amended or replaced from time to time in accordance its terms.

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

“Loan Amount” shall mean the amount of the Authorized Amount.

“Loan Documents” shall mean the Loan Agreement, the Note, the Regulatory Agreement, the Mortgage and all other documents or agreements evidencing or relating to the Loan.

“Loan Fund” shall mean the Loan Fund created pursuant to Section 8.2 hereof.

“Majority of Holders” shall mean the Holders of more than 50% of the aggregate principal amount of all Outstanding Bonds (or beneficial interests therein).

“Management Agreement” shall mean the Management Agreement between the Borrower and the Manager, pursuant to which the Manager is to manage the Project, as same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“Management Fee” shall mean all fees in the nature of management fees payable to Manager under the Management Agreement.

“Manager” shall mean the management company to be employed by the Borrower and approved by any Bondholder Representative in accordance with the terms of the Mortgage, the Loan Agreement or any of the other Bond Documents.

“Managing General Partner” shall mean Foundation for Social Resources, Inc., a Delaware non-profit public benefit corporation, and its successors and assigns.

“Maturity Date” shall mean September 6, 2023.

“Maximum Rate” shall mean 12% per annum, the maximum interest rate that may be paid on the Bonds under State law.

“Monthly Loan Payment Date” shall mean the 15th day of each month, commencing June 15, 2009, or any other date on which the Note is prepaid or paid, whether at the scheduled maturity or upon the redemption or acceleration of the maturity thereof.

“Monthly Loan Payments” shall mean the monthly loan payments payable by the Borrower to the Servicer pursuant to the Note and transferred to the Trustee by the Servicer on the Servicer Remittance Date, which payments shall include (a) Bond Obligations and (b) amounts necessary to fund 1/12 of the annual amount of Third Party Fees.

“Mortgage” shall mean the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of the date of this Indenture, executed by the Borrower and granting a first lien on the Project for the benefit of the Issuer and assigned to the Trustee, including any amendments and supplements thereto as herein permitted.

“Nonpurpose Investment” shall mean any investment property (as defined in Section 148(b) of the Code) that is acquired with the Gross Proceeds of the Bonds and which is not acquired to carry out the governmental purpose of the Bonds.

“Note” shall mean the Multifamily Note, dated as of the date of this Indenture, in the stated principal amount of the Loan Amount and executed by the Borrower in favor of the Issuer, as assigned to the Trustee, as it may be amended, supplemented or replaced from time to time.

“Note Coupon Rate” shall mean the applicable rate of interest set forth in the Note, or at any time while a Loan Agreement Default exists, the Default Rate to the extent provided in the Note.

“Office of the Trustee” shall mean the office of the Trustee at the address set forth in Section 15.1 of the Indenture, or at such other place or places as may be designated by the Trustee from time to time.

“Opinion of Counsel” shall mean an opinion from an attorney or firm of attorneys, acceptable to the Issuer, the Trustee and the Bondholder Representative with experience in the matters to be covered in the opinion.

“Other Charges” shall mean all maintenance charges, impositions other than Taxes, and any other charges, including vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Project, now or hereafter levied or assessed or imposed against the Project or any part thereof.

“Outstanding” or “Outstanding Bonds” shall mean the sum of all Bonds theretofore authenticated and delivered under the Indenture, except:

- (a) Bonds theretofore canceled or required to be canceled by the Trustee or delivered to the Trustee for cancellation;
- (b) Bonds which are deemed to have been paid in accordance with the Indenture;

- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Indenture; and
- (d) Bonds not tendered when required under the provisions of the Indenture which are deemed tendered.

In determining whether the Registered Owners of a requisite aggregate principal amount of Outstanding Bonds have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of this Indenture, the Loan Agreement or any other Bond Document, Bonds which are owned by or held for the account of the Borrower, the Issuer or any other obligor on the Bonds, or any affiliate of any one of said entities (for the purpose of this definition an "affiliate" of any specified Person means any other Person directly or indirectly Controlling or Controlled by or under direct or indirect common Control with such specified Person) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination.

"Participant" shall mean a broker-dealer, bank or other financial institution for which the Securities Depository holds Bonds as a securities depository.

"Permitted Encumbrances" shall have the meaning given such term in the Mortgage.

"Permitted Investments" shall mean any of the following if and to the extent permitted by law: (a) direct and general obligations of the United States of America; (b) obligations of any agency or instrumentality of the United States the payment of the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America; (c) senior debt obligations of Freddie Mac; (d) senior debt obligations of Fannie Mae; (e) demand deposits or time deposits with, or certificates of deposit issued by, the Trustee or its affiliates or any bank organized under the laws of the United States or any state or the District of Columbia which has combined capital, surplus and undivided profits of not less than \$50,000,000; provided that the Trustee or such other institution has been rated at least "P-1" by Moody's which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation; (f) investment agreements with Freddie Mac or a bank or any insurance company or other financial institution which has a rating assigned by Moody's to its outstanding long-term unsecured debt which is the highest rating (as defined below) for long-term unsecured debt obligations assigned by Moody's, and which are approved by (i) the Bondholder Representative; (g) shares or units in any money market mutual fund (including mutual funds of or sponsored by the Trustee or its affiliates) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of direct obligations of the United States government, and which fund has been rated "Aaa" by Moody's; or (h) any other investments approved by the Bondholder Representative. For purposes of this definition, the "highest rating" shall mean a rating of at least "P-1" for obligations with less than one (1) year maturity; at least "Aa2/P-1" for obligations with a maturity of one (1) year or greater but fewer than three (3) years; and at least "Aaa" for obligations with a maturity of three (3) years or greater. Permitted Investments must be limited to instruments that have a predetermined fixed-dollar amount of principal due at maturity that cannot vary or change and interest, if tied to an index, shall be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with such index.

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

“Plan” shall mean (i) an employee benefit or other plan established or maintained by the Borrower or any ERISA Affiliate or to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions and (ii) which is covered by Title IV of ERISA or Section 302 of ERISA or Section 412 of the Code.

“Pledged Revenues” shall mean the amounts pledged under this Indenture to the payment of the principal of and premium and interest on the Bonds, consisting of the following: (a) all income, revenues, proceeds and other amounts to which the Issuer is entitled and which are held by the Trustee, derived from or in connection with the Project and the Bond Documents, including all Monthly Loan Payments due under the Loan Agreement and the Note, all Cap Payments, if any, and all amounts obtained through the exercise of the remedies provided in the Bond Documents and all receipts of the Trustee credited under the provisions of the Indenture against said amounts payable, and (b) moneys held in the funds and accounts established under the Indenture, together with investment earnings thereon (except any amounts on deposit in the Expense Fund and the Rebate Fund).

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

“Principal Reserve Amount” shall mean initially twenty percent (20%) of the Authorized Amount of the Bonds, but upon delivery of a Written Notice of the Borrower, with the consent of the Bondholder Representative and the Swap Provider, may mean any amount; provided, however, that such amount shall never exceed twenty percent (20%) of the aggregate principal amount of the Outstanding Bonds, except with an opinion of Bond Counsel that such change in the amount will not adversely affect the tax-exempt status of interest on the Bonds.

“Principal Reserve Fund” shall mean the fund by that name established pursuant to Section 8.2 of this Indenture; the amount in the Principal Reserve Fund shall never exceed the Principal Reserve Amount.

“Principal Reserve Fund Deposit” shall mean each deposit required to be made pursuant to the Principal Reserve Fund Deposit Schedule.

“Principal Reserve Fund Deposit Schedule” shall mean the Principal Reserve Fund Deposit Schedule attached to the Note which may be revised from time to time as provided in Section 8.15 herein.

“Project” shall mean the Land and Improvements thereon owned by the Borrower and encumbered by the Mortgage, together with all rights pertaining to such real property and Improvements, as more particularly described in the Granting Clauses of the Mortgage and referred to therein as the “Mortgaged Property.”

“Project Certificate” shall mean the Project Certificate of the Borrower, delivered in connection with the issuance of the Bonds.

“Proportionate Basis” when used with respect to the redemption of Bonds, shall mean that the aggregate principal amount of each maturity (and series, if applicable) to be redeemed shall be determined as nearly as practicable by multiplying the total amount of funds available for redemption by the ratio which the principal amount of Bonds of each maturity (of such series, if applicable) then Outstanding and to be redeemed bears to the principal amount of all Bonds (of such series, if applicable) then Outstanding and to be redeemed; provided that if the amount available for redemption of Bonds of any maturity is insufficient to redeem a multiple of \$1 principal amount of such maturity, such amount shall be applied to the redemption of the highest possible integral multiple (if any) of \$1 principal amount of such maturity. Any Bonds purchased with moneys which would otherwise be applied to redemption on a Proportionate Basis on the next succeeding Bond Payment Date shall be taken into account in determining “Proportionate Basis” with respect to such redemption. When used with respect to the purchase of Bonds “Proportionate Basis” shall have the same meaning as set forth above (substituting purchase for redeem or redemption, and purchased for redeemed).

“Provided Information” shall have the meaning ascribed thereto in Section 9.1.1 of the Loan Agreement.

“Purchase Price” shall mean the price paid for the purchase of Bonds in lieu of redemption pursuant to Section 6.8 of this Indenture, which shall be equal to the applicable Redemption Price.

“Rating Agency” shall mean any one and each of Standard & Poor’s, Moody’s, Duff & Phelps Credit Rating Co. and Fitch, Inc. then rating the Bonds or the Securities or any other nationally-recognized statistical rating agency then rating the Bonds or the Securities, which has been approved by the Bondholder Representative.

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

“Rebate Analyst” shall mean Eichner & Norris PLLC or any other rebate analyst selected by the Borrower and acceptable to the Issuer.

“Rebate Analyst’s Fee” shall mean the annual fee of the Rebate Analyst in the amount of \$1,000. The Rebate Analyst’s Fee is payable by the Trustee to the Rebate Analyst from the Expense Fund, commencing June 1, 2014, every fifth anniversary thereof, and the Maturity Date.

“Rebate Fund” shall mean the Rebate Fund created pursuant to Section 8.2 of this Indenture.

“Record Date” shall mean the day immediately prior to any Bond Payment Date.

“Redemption Fund” shall mean the fund by that name established pursuant to Section 8.2.

“Redemption Price” shall mean the sum of (a) the outstanding principal amount of the Bonds to be redeemed, (b) accrued and unpaid interest on the Bonds to be redeemed to the date of redemption and (c) the Prepayment Premium, if any.

“Registered Holder” shall mean the Person or Persons in whose name or names the Bonds are registered in the Bond Register.

“Registered Owners” shall have the meaning set forth in the definition of “Bondholders.”

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

“Regulatory Agreement” shall mean that certain Regulatory Agreement and Declaration of Restrictive Covenants, dated as of the date of this Indenture, by and among the Issuer, the Trustee and the Borrower, as hereafter amended or modified.

“Related Person” shall mean a “related person” within the meaning of Section 147(a) of the Code.

“Rents” shall have the meaning ascribed thereto in the Mortgage.

“Repair Agreement” shall mean any Repair Agreement, dated as of the date thereof, between the Borrower and the Bondholder Representative.

“Replacement Reserve Agreement” shall mean any Replacement Reserve Agreement, dated as of the date thereof, between the Borrower and the Bondholder Representative.

“Resolution” shall mean the resolution of the Issuer authorizing the issuance of the Bonds and the execution and delivery of the Bond Documents to which it is a party.

“Responsible Officer” shall mean any officer within the Corporate Trust Department (or any successor group) of the Trustee, including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, who is responsible for the administration of this Indenture.

“Secondary Market Disclosure Document” shall have the meaning set forth in Section 9.1.2 of the Loan Agreement.

“Secondary Market Transaction” shall have the meaning set forth in Section 9.1.1 of the Loan Agreement.

“Securities” shall have the meaning ascribed thereto in Section 9.1.1 of the Loan Agreement.

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

“Securities Depository” shall mean The Depository Trust Company and any substitute for or successor to such securities depository that shall maintain a Book-Entry System with respect to the Bonds.

“Securities Depository Nominee” shall mean the Securities Depository or the nominee of such Securities Depository in whose name the Bonds shall be registered on the registration books of the Issuer while the Bonds are in a Book-Entry System.

“Servicer” shall mean the Servicer contracting with or appointed by the Bondholder Representative to service the Loan.

“Servicer Remittance Date” shall mean the first Business Day immediately before the Bond Payment Date, commencing July 1, 2009.

“Servicing Agreement” shall mean any servicing agreement or master servicing agreement, between the Servicer and the Bondholder Representative relating to the servicing of the Loan and any amendments thereto or any replacement thereof.

“Standard & Poor’s” shall mean Standard & Poor’s Ratings Services, a Division of the McGraw Hill Companies, Inc., or its successor.

“State” shall mean the State of California.

“Supplemental Indenture” shall mean a supplemental trust indenture entered into in accordance with and for the purposes set forth in Article XIII of this Indenture.

“Surplus Fund” shall mean the Surplus Fund created pursuant to Section 8.2 of this Indenture.

“Swap Agreement” shall mean any interest rate exchange, hedge or similar agreement, entered into in order to hedge or manage the interest payable on all or a portion of the Bonds, whether then existing or to be entered into, which agreement may include, without limitation, an interest rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions), between the Borrower or its designee and the Swap Provider, and as shall be set forth in an International Swaps and Derivatives Association, Inc. Master Agreement, including the Schedule thereto, and any Confirmation entered into thereunder between the Borrower and the Swap Provider, as such agreement may be amended, supplemented or substituted from time to time, all as approved by the Bondholder Representative.

“Swap Provider” shall, initially, mean Citigroup Financial Products Inc. and its successors and assigns, during the term of the initial Swap Agreement and, thereafter, shall mean the Swap Provider identified in any subsequent Swap Agreement, and its successors and assigns, during the term of any subsequent Swap Agreement. References herein to Swap Provider while no Swap Agreement is in effect shall be of no force and effect.

“Tax Certificate” shall mean the Tax Certificate and Agreement, dated the Closing Date, executed and delivered by the Issuer and the Borrower.

“Taxes” shall mean all real estate and personal property taxes, assessments, water rates or sewer rents, now or hereafter levied or assessed or imposed against all or part of the Project.

“Tax-Exempt Bonds Account” shall mean the Tax-Exempt Bonds Account of the Loan Fund created pursuant to Section 8.2 herein.

“Term” shall mean the term of the Loan Agreement pursuant to Section 10.30 of the Loan Agreement.

“Third Party Fees” shall mean the Issuer’s Fee, the Trustee’s Fee and the Rebate Analyst’s Fee.

“Title Insurance Policy” shall mean the mortgagee title insurance policy, in form acceptable to the Bondholder Representative, issued with respect to the Project and insuring the lien of the Mortgage.

“Transfer” shall have the meaning ascribed thereto in the Mortgage.

“Trust Estate” shall mean the Trust Estate described in the granting clauses of this Indenture.

“Trustee” shall mean Wells Fargo Bank, National Association, and any successor trustee or co-trustee appointed under this Indenture.

“Trustee’s Fee” shall mean the annual fee of the Trustee in the amount \$3,900. The Trustee’s Fee is payable annually in advance from the Expense Fund on each June 1, commencing on June 1, 2010, so long as any of the Bonds are Outstanding.

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

“Unassigned Issuer’s Rights” shall mean the Issuer’s rights to reimbursement and payment of its fees, costs and expenses and the Rebate Amount under Section 2.7 of the Loan Agreement, its rights of access under Section 5.20 thereof, its rights to indemnification under Section 5.18 thereof, its rights to attorneys’ fees under Section 5.17 thereof, its rights to receive notices, reports and other statements and its rights to consent to certain matters, as provided in this Indenture and the Loan Agreement.

“Underwriter Group” shall have the meaning ascribed thereto in Section 9.1.4 of the Loan Agreement.

“USD-SIFMA Municipal Swap Index” means, for any day, a per annum rate, expressed as a decimal, equal to:

(e) if such day is a Bond Coupon Rate Determination Date, (i) the level of the index which is issued weekly and which is compiled from the weekly interest rate resets

of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by Securities Industry and Financial Markets Association and issued on Thursday of each week, or if any Thursday is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day; or (ii) if such index is no longer published, then (A) any comparable rate, as determined by the Indexing Agent, or (B) if there is no comparable rate, as determined by the Indexing Agent, the rate for such day shall be 85% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in The Wall Street Journal on the day such USD-SIFMA Municipal Swap Index would otherwise be determined as provided herein for such Bond Coupon Rate Period; and

(f) if such day is not a Bond Coupon Rate Determination Date, the rate for such day shall be the rate determined pursuant to the preceding clause (a) of this definition for the next preceding Bond Coupon Rate Determination Date.

“U.S. Government Securities Business Day” means any day except for a Saturday, Sunday or a day on which The Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

“Written Certificate,” “Written Certification,” “Written Consent,” “Written Direction,” “Written Notice,” “Written Order,” “Written Registration,” “Written Request,” and “Written Requisition” shall mean a written certificate, direction, notice, order or requisition signed by an Authorized Borrower Representative, an Authorized Issuer Representative or an authorized representative of the Bondholder Representative and delivered to the Trustee, the Bondholder Representative, the Servicer or such other Person as required under the Bond Documents.

“Yield” shall mean yield as defined in Section 148(h) of the Code and any regulations promulgated thereunder.

Section 1.2 Ownership of Bonds; Effect of Action by Bondholders.

(a) The ownership of the Bonds shall be proved by the Bond Register.

(b) Any request, demand, authorization, direction, notice, consent, waiver or other action by Bondholders shall bind every future Bondholder and the Registered Owner of every Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Bonds.

Section 1.3 Effect of Headings and Table of Contents.

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

Section 1.4 Date of Indenture. The date of this Indenture is intended as and for a date for the convenient identification of this Indenture and is not intended to indicate that this Indenture was executed, delivered or effective on said date.

Section 1.5 Designation of Time for Performance. Except as otherwise expressly provided herein, any reference in this Indenture to the time of day shall mean the time of day in the city where the Trustee maintains its place of business for the performance of its obligations under this Indenture.

Section 1.6 Interpretation. The parties hereto acknowledge that each of them and the Bondholder Representative and their respective counsel have participated in the drafting and revision of this Indenture. Accordingly, the parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Indenture or any amendment or supplement or exhibit hereto or thereto.

ARTICLE II

GRANTING CLAUSES

To secure the payment of the Bond Obligations and the performance of the covenants herein and in the Bonds contained, to declare the terms and conditions on which the Bonds are secured, and in consideration of the premises and of the purchase of the Bonds by the Bondholders, the Issuer by these presents does grant, bargain, sell, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge, set over and confirm to the Trustee (except as limited by this Indenture) for the benefit of the Bondholders a lien on and security interest in the following described property:

(g) All right, title and interest of the Issuer in, to and under the Loan Agreement (except the Unassigned Issuer's Rights) and the Note, including, without limitation, all rents, revenues and receipts derived by the Issuer from the Borrower relating to the Project and including, without limitation, all Pledged Revenues, Monthly Loan Payments and Additional Payments derived by the Issuer under and pursuant to, and subject to the provisions of, the Loan Agreement (except the Unassigned Issuer's Rights); provided that the pledge and assignment made under this Indenture shall not impair or diminish the obligations of the Issuer under the provisions of the Loan Agreement.

(h) All right, title and interest of the Issuer in, to and under, together with all rights, remedies, privileges and options pertaining to, the Bond Documents, and all other payments, revenues and receipts derived by the Issuer under and pursuant to, and subject to the provisions of, the Bond Documents, except for the Unassigned Issuer's Rights.

(i) Any and all moneys and investments from time to time on deposit in, or forming a part of, all funds and accounts created and held by the Trustee under the Indenture (but excluding the Expense Fund and the Rebate Fund), subject to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein.

(j) Any and all other real or personal property of every kind and nature or description, which may from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien of this Indenture as additional security by the Issuer or anyone on its part or with its consent, or which pursuant to any of the provisions hereof or of the Loan Agreement may come into the possession or control of the Trustee or a receiver appointed pursuant to this Indenture; and the Trustee is hereby authorized to receive any and all such property as and for additional security for the Bonds and to hold and apply all such property subject to the terms hereof.

TO HAVE AND TO HOLD all said property, rights and privileges of every kind and description, real, personal or mixed, hereby and hereafter (by supplemental indenture or otherwise) granted, bargained, sold, aliened, remised, released, conveyed, assigned, transferred, mortgaged, hypothecated, pledged, set over or confirmed as aforesaid, or intended, agreed or covenanted so to be, together with all the appurtenances thereto appertaining (said property,

rights and privileges being herein collectively called, together with the Trustee's rights and interests in the Cap Payments, if any, the "Trust Estate") unto the Trustee and its successors and assigns forever;

BUT IN TRUST, NEVERTHELESS, for the benefit and security of the Bondholders, as herein provided.

ARTICLE III

LIMITED LIABILITY

Section 3.1 Source of Payment of Bonds and Other Obligations; Disclaimer of General Liability. The Bonds are special, limited obligations of the Issuer, payable solely from the Pledged Revenues and other funds and moneys pledged and assigned hereunder. None of the Issuer, the State of California (the "State"), or any political subdivision thereof (except the Issuer, to the limited extent set forth herein nor any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on the bonds or for the performance of any pledge, obligation or agreement of any kind whatsoever except as set forth herein, and none of the Bonds or any of the Issuer's agreements or obligations shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever. The Bonds are issued under the Act.

Section 3.2 Exempt from Individual Liability. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of any present or future officer, director, employee or agent of the Issuer or the Trustee in his individual capacity, and neither the officers, directors, employees or agents of the Issuer or the Trustee executing the Bonds or this Indenture shall be liable personally on the Bonds or under this Indenture or be subject to any personal liability or accountability by reason of the issuance of the Bonds or the execution of this Indenture.

ARTICLE IV

THE BONDS

Section 4.1 Terms.

(a) **Designation; Principal Amount.** There is hereby authorized, established and created an issue of Bonds of the Issuer to be known and designated as the "County of Contra Costa, California Multifamily Housing Revenue Refunding Bonds (Willow Pass Apartments) Series 2009A." The total principal amount of the Bonds that may be issued hereunder is hereby expressly limited to the Authorized Amount for the Bonds.

No Bonds may be issued under the provisions of this Indenture except in accordance with this Article.

(b) **Registered Bonds; Numbering; Authorized Denominations.** The Bonds shall be issuable in Authorized Denominations as specified by the Bondholder Representative. Thereafter, the Bonds shall be issuable in any Authorized Denomination required to effect transfers, exchanges or redemptions permitted or required by this Indenture. The Bonds shall be issuable as registered bonds without coupons.

The Bonds shall be numbered consecutively from R-1 upwards.

(c) **Dated Date; Maturity.** The Bonds shall be dated the Closing Date, and shall mature on the applicable Maturity Date.

(d) **Interest Rate.** The Bonds shall bear interest at the Bond Coupon Rate. The Bond Coupon Rate for each Bond Coupon Rate Period shall be determined by the Indexing Agent on each Bond Coupon Rate Determination Date. The Indexing Agent will promptly after such determination notify the Trustee, the Borrower and the Bondholder Representative of the Bond Coupon Rate. The Trustee can conclusively rely on the Bond Coupon Rate information provided to it by the Indexing Agent. Interest on the Bonds shall be computed on the basis of a 365- or 366-day, as applicable, for the actual number of days elapsed.

(e) **Accrual or Accretion of Interest.** Interest on the Bonds shall accrue from the date of their initial delivery; provided that interest on any Bond authenticated subsequent to the initial delivery date shall accrue from the Bond Payment Date next preceding the date of authentication, unless (i) authenticated prior to the first Bond Payment Date, in which event interest on such Bonds shall accrue from the initial delivery date, or (ii) authenticated on a Bond Payment Date, in which event interest on such Bonds shall accrue from the date of authentication. If, as shown by the records of the Trustee, interest on the Bonds is in default, interest on Bonds issued in exchange for Bonds surrendered for registration of transfer or exchange shall accrue from the date to which interest has been paid in full on the Bonds, or, if no interest has been paid on the Bonds, from the initial delivery date. The amount of interest payable on the Bonds on each Bond Payment Date shall be the amount of interest accrued thereon from the preceding Bond Payment Date (or other date as described above) to, but not including, the Bond Payment Date on which interest is being paid.

(f) Interest Payments. Interest shall be due and payable on the Bonds, in arrears, on each applicable Bond Payment Date. Priority of interest payments shall be provided in Section 8.3(a) herein. In any case where any Bond Payment Date is not a Business Day, then payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if such payment was made on originally scheduled date and no interest shall accrue for the period after such Bond Payment Date through the date payment is actually made.

(g) Principal Payments. Principal of the Bonds shall be payable as provided herein on the applicable Maturity Date and upon redemption or acceleration thereof.

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

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

(i) Payment of Bond Obligations. Payments of the Bond Obligations shall be made on the applicable Bond Payment Dates to the Registered Holders as provided herein. The Bond Obligations shall be payable in lawful money of the United States of America by check drawn upon the Trustee and mailed by first class mail, postage prepaid, on the Bond Payment Date to the persons in whose names the Bonds are registered in the Bond Register at the close of business on the Record Date, except that if a Registered Holder so elects, any payment of Bond Obligations due to such Registered Holder shall be made by wire transfer of federal reserve funds to any account in the United States of America designated by such Registered Holder if such Registered Holder, at its expense, (a) so directs by Written Notice delivered to the Trustee at least ten (10) Business Days before the date upon which such wire transfer or other

arrangement is to be made and (b) otherwise complies with the reasonable requirements of the Trustee.

(j) **No Presentation.** No presentation or surrender of Bonds shall be required in connection with any partial redemption of any Bond. The Trustee shall maintain a record of the remaining Outstanding of each maturity of Bonds and shall, upon any transfer or exchange, issue the replacement Bond in the principal amount Outstanding.

Section 4.2 Form of Bonds. The Bonds and the certificates of authentication thereof shall be substantially in the form set forth in Exhibit A attached hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture. Any portion of the text of any Bond may be set forth on the reverse thereof, with an appropriate reference thereto on the face of such Bond. Bonds may be typewritten, printed, engraved, lithographed or otherwise produced.

Section 4.3 Execution, Authentication and Delivery. (a) The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the Chair of the Board of Supervisors, attested by the manual or facsimile signature of County Administrator and Clerk of the Board of Supervisors. Facsimile signatures on the Bonds shall have the same force and effect as if each of such Bonds had been manually signed. In case any official of the Issuer whose signature or facsimile signature shall appear on the Bonds shall cease to hold such office before the delivery of such Bonds, such signature or facsimile signature shall nevertheless be valid and sufficient for all purposes, as if such official had remained in office until delivery.

(b) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Bonds executed by the Issuer to the Trustee for authentication, and the Trustee shall authenticate and deliver such Bonds as provided in this Indenture.

(c) No Bonds shall be secured by, or be entitled to any lien, right or benefit under, this Indenture or be valid or obligatory for any purpose, unless there appears on such Bonds a certificate of authentication substantially in the form provided for herein, executed by the Trustee by manual signature, and such certificate upon the definitive Bonds shall be conclusive evidence, and the only evidence, that such definitive Bonds have been duly authenticated and delivered hereunder.

Section 4.4 Registration, Transfer and Exchange. (a) The Issuer shall cause the Trustee to keep at the Office of the Trustee the Bond Register in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of the Bonds and registration of transfers of the Bonds entitled to be registered or transferred as herein provided. The Trustee is hereby appointed Bond Registrar hereunder for the purpose of registering and transferring the Bonds as herein provided.

(b) Subject to subsection (e) of this Section, upon the initial issuance of Bonds, upon surrender for transfer of Bonds at the Office of the Trustee and upon presentation of Bonds for exchange for Bonds of other Authorized Denominations, the Issuer shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, new Bonds of Authorized Denominations and of like principal amounts.

(c) Any Bonds surrendered upon any exchange or transfer provided for in this Indenture shall be promptly canceled by the Trustee and retained by the Trustee in accordance with its document retention policies.

(d) Any Bonds issued upon any transfer or exchange of Bonds shall be the valid obligation of the Issuer and entitled to the same security and benefits under this Indenture as the Bonds surrendered upon such transfer or exchange.

(e) Unless the Bonds are rated "A," without regard to a modifier, (or the equivalent) or better by a Rating Agency, the Bonds shall be sold and subsequently transferred only (i) if a Bondholder Representative has been appointed and is in effect and (ii) to purchasers that execute and deliver to the Trustee an Investor Letter in substantially the form attached hereto as Exhibit E. Every Bond presented or surrendered for transfer or exchange shall contain, or be accompanied by, all necessary endorsements for transfer.

(f) No service charge shall be made for any transfer or exchange of the Bonds, but the Issuer or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of the Bonds. Such sums shall be paid in every instance by the transferor or transferee of the Bonds.

(g) The Trustee shall not be required (i) to transfer or exchange any Bonds during any period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of the Bonds and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Bonds so selected for redemption or (iii) to transfer any Bonds without receipt of a duly executed Investor Letter to the extent required by subsection (e) above.

Section 4.5 Mutilated Destroyed, Lost and Stolen Bonds. (a) If (i) any mutilated Bonds are surrendered to the Trustee, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Bonds, and (ii) there is delivered to the Trustee such security or indemnity as may be required by the Trustee or the Issuer to save the Issuer and the Trustee harmless, then, in the absence of notice to the Trustee that such Bonds have been acquired by a bona fide purchaser, the Issuer shall execute and the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bonds, new Bonds of like series, tenor and principal amount, bearing numbers not contemporaneously outstanding.

(b) Upon the issuance of any new Bonds under this Section, the Issuer may require the payment by the Registered Holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses connected therewith.

(c) Every new Bond issued pursuant to this Section in lieu of any destroyed, lost or stolen Bonds shall constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Bonds shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Indenture.

(d) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed lost or stolen Bonds.

Section 4.6 Persons Deemed Owners. The Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the person in whose name the Bonds are registered as the owner of the Bonds for the purpose of receiving payment of the Bond Obligations and for all other purposes whatsoever whether or not the Bonds are overdue, and, to the extent permitted by law, neither the Issuer, the Trustee nor any such agent shall be affected by notice to the contrary.

Section 4.7 Cancellation. Any Bonds surrendered for payment, redemption, transfer or exchange, shall be promptly canceled and retained by the Trustee in accordance with its document retention policies. No Bonds shall be authenticated in lieu of or in exchange for any Bonds canceled as provided in this Section, except as expressly provided by this Indenture.

Section 4.8 Book-Entry System. (a) Except as otherwise directed by the Bondholder Representative, the Bonds shall be issued pursuant to a Book-Entry System administered by the Securities Depository with no physical distribution of Bond certificates to be made except as provided in this Section 4.8. So long as a Book-Entry System is in effect for the Bonds, one Bond for each Series in the aggregate principal amount of each maturity of such Bonds will be issued and deposited with the Securities Depository to be held in its custody. Such Bond or Bonds shall be registered in the name of the Securities Depository Nominee. The Book-Entry System will be maintained by the Securities Depository and the Participants and Indirect Participants and will evidence beneficial ownership of the Bonds in Authorized Denominations, with transfers of ownership effected on the records of the Securities Depository, the Participants and the Indirect Participants pursuant to rules and procedures established by the Securities Depository, the Participants and the Indirect Participants. The principal or purchase price of and any premium on each Bond shall be payable to the Securities Depository Nominee or any other person appearing on the Bond Register maintained by the Trustee as the registered Bondholder or his registered assigns or legal representative. So long as the Book-Entry System is in effect, the Securities Depository will be recognized as the sole Bondholder for all purposes. Transfers or exchanges, payments of principal, purchase price, interest and any premium and notices to Participants and Indirect Participants will be the responsibility of the Securities Depository, and transfers or exchanges, payments of principal, purchase price, interest and any premium and notices to Beneficial Owners will be the responsibility of the Participants and the Indirect Participants. No other party (including the Trustee) will be responsible or liable for such transfers or exchanges, payments or notices or for maintaining, supervising or reviewing such records maintained by the Securities Depository, the Participants or the Indirect Participants. While the Book-Entry System is in effect, notwithstanding any other provisions set forth herein, payments of principal or purchase price of, redemption premium, if any, and interest on the Bonds shall be made to the Securities Depository Nominee or the Securities Depository, as the case may be, by wire transfer in immediately available funds to the account of such entity.

(b) The Issuer may at any time elect (i) to provide for the replacement of any Securities Depository as the depository for the Bonds with another qualified Securities Depository, or (ii) to discontinue the maintenance of the Bonds under a Book-Entry System. Upon written notice of such election from the Issuer, the Trustee shall give 30 days' prior notice of such election to the Securities Depository (or such fewer number of days as shall be acceptable to such Securities Depository and the Trustee).

(c) Upon the discontinuance of the maintenance of the Bonds under a Book-Entry System, the Issuer will cause Bonds to be issued directly to the Beneficial Owners of such Bonds, or their designees, as further described below. In such event, the Trustee shall make provisions to notify Participants and the Beneficial Owners, by mailing an appropriate notice to the Securities Depository, or by other means deemed appropriate by the Trustee, that Bonds will be directly issued to the Beneficial Owners thereof as of a date set forth in such notice, which shall be a date at least 10 days after the date of mailing of such notice (or such fewer number of days as shall be acceptable to the Securities Depository and the Trustee). Upon such event, the Issuer, at the expense of the Borrower, or, if requested by the Bondholder Representative, at its expense, shall promptly have prepared Bonds in certificated form registered in the names of the Beneficial Owners thereof shown on the records of the Participants provided to the Trustee, as of the date set forth in the notice described above. Bonds issued to the Beneficial Owners, or their designees, shall be in fully registered form substantially in the form set forth in Exhibit A attached hereto. In such event, this Indenture may be amended as the parties deem necessary pursuant to Section 13.1(f) hereof in order to reflect the use of certificated Bonds.

(d) If any Securities Depository is replaced as the depository for the Bonds with another qualified Securities Depository, the Issuer, at the expense of the Borrower, will issue Bonds to the replacement Securities Depository Bonds substantially in the form set forth in Exhibit A, in the name of such replacement Securities Depository.

(e) The Issuer, the Borrower and the Trustee shall have no liability for the failure of any Securities Depository to perform its obligation to any Participant, any Indirect Participant or any Beneficial Owner of any Bonds, and none of them shall be liable for the failure of any Participant, Indirect Participant or other nominee of any Beneficial Owner of any Bonds to perform any obligation that such Participant, Indirect Participant or other nominee may incur to any Beneficial Owner.

(f) The terms and provisions of a letter of representations between the Issuer and the Securities Depository are incorporated herein by reference and, in the event there shall exist any inconsistency between the substantive provisions of the Letter of Representations and any provisions of this Indenture, then, for as long as the initial Securities Depository shall serve with respect to the Bonds, the terms of the Letter of Representations shall govern.

(g) The Issuer, the Borrower and the Trustee may rely conclusively upon (1) a certificate of the Securities Depository as to the identity of the Participants in the Book-Entry System; (2) a certificate of any Participant as to the identity of any Indirect Participant and (3) a certificate of any Participant or Indirect Participant as to the identity of, and the respective principal amount of Bonds beneficially owned by, the Beneficial Owners.

ARTICLE V
[RESERVED]

ARTICLE VI

REDEMPTION OF BONDS

Section 6.1 Optional Redemption. The Bonds may be redeemed in whole, but not in part, on any Business Day, upon prepayment of the Note by the Borrower pursuant to Section 2.11 of the Loan Agreement. The Bonds may be redeemed pursuant to this Section 6.1, on any date on which the Note may be prepaid pursuant to its terms, at the Redemption Price and upon notice to the Bondholders, given by the Trustee in accordance with Section 6.10 hereof. No such optional redemption of Bonds shall be permitted unless the Trustee shall have received Eligible Funds in an amount that will be sufficient to pay the Redemption Price of the Bonds on or before 10:00 a.m. Trustee local time on the date that the Bonds are to be redeemed.

The Borrower may exercise such option by giving Written Notice to the Trustee and the Bondholder Representative of its election to prepay the Note, not fewer than twenty (20) days prior to the proposed redemption date; provided, however, if, at the time of such exercise, the Bonds are held in a Book-Entry System, the Borrower shall give such notice as is required by the depository system then holding the Bonds. Any such notice shall specify the date fixed for optional redemption and contain a certification of the Borrower to the effect that all conditions precedent to such optional redemption have been (or will be, as of the optional redemption date) satisfied. The Bondholder Representative shall, not fewer than fifteen (15) days prior to the date set for such optional redemption, deliver a Written Certificate to the Trustee and to the Borrower setting forth the amount of accrued interest and Prepayment Premium, if any, that will be due and payable as of the date fixed for optional redemption.

Section 6.2 [Reserved].

Section 6.3 Mandatory Redemption. The Bonds shall be redeemed in whole or in part, at the Redemption Price, with the Written Consent of the Bondholder Representative upon prepayment of the Note by the Borrower as required by Section 2.12 of the Loan Agreement on the earliest Business Day for which notice can be given in accordance with Section 6.10 hereof at the Redemption Price.

Section 6.4 Redemption for Bond Document Default. The Bonds shall be redeemed in whole or in part, at the Redemption Price, upon the acceleration of the Note pursuant to Section 8.2 of the Loan Agreement and upon Written Direction of the Bondholder Representative to the Trustee, in the event of the occurrence of a Loan Agreement Default and the expiration of the applicable grace period or notice and cure period, if any, specified therein, on the earliest Business Day for which notice can be given as required by Section 6.10 hereof, at the Redemption Price.

Section 6.5 Mandatory Redemption from Amount Transferred from Principal Reserve Fund. On each Bond Payment Date, Bonds shall be subject to redemption in part, at the Redemption Price, in an amount equal to the amount which has been transferred from the Principal Reserve Fund to the Bond Fund pursuant to Section 8.15 hereof.

Section 6.6 [Reserved].

Section 6.7 Mandatory Redemption from Excess Revenues. Upon the delivery to the Trustee of a Notice of Accelerated Redemption in the form attached hereto as Exhibit H, the Bonds shall be subject to redemption on each Bond Payment Date, in whole or in part, at the Redemption Price, from amounts then on deposit in the Surplus Fund in excess of \$10,000. Prior to the delivery of such Notice of Accelerated Redemption, no Bond shall be redeemed pursuant to this Section 6.7.

Section 6.8 Purchase in Lieu of Redemption. The Borrower shall have the option to cause the Bonds to be purchased in lieu of redemption pursuant to Section 6.1 and the Bondholder Representative shall have the option to cause the Bonds to be purchased in lieu of redemption pursuant to Sections 6.3 and 6.4. Such option may be exercised by delivery to the Trustee on or prior to the Business Day preceding the redemption date of a Written Notice of the Borrower or Bondholder Representative, as applicable, specifying that the Bonds shall not be redeemed, but instead shall be subject to purchase pursuant to this Section. Upon delivery of such notice, the Bonds shall not be redeemed but shall instead be subject to mandatory tender at the Purchase Price on the date that would have been the redemption date; provided that payment of such Purchase Price shall be made only in Eligible Funds.

Section 6.9 [Reserved].

Section 6.10 Notice of Redemption. Not fewer than fifteen (15) days, nor more than thirty (30) days before the redemption date of any Bonds to be redeemed, the Trustee shall cause a notice of any such redemption to be mailed by first class mail (but by certified mail to the Bondholder Representative), postage prepaid, to the Registered Owners of the Bonds (with a copy to the Borrower and the Issuer). Such notice shall also be given by registered, certified or overnight mail, or by facsimile transmission promptly confirmed in writing, to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds. The redemption notice shall identify the Bonds or portions thereof to be redeemed and shall state:

- (1) the date of such notice and the redemption date;
- (2) the Redemption Price;
- (3) the original date of execution and delivery of the Bonds to be redeemed;
- (4) the interest borne by the Bonds to be redeemed;
- (5) the date of maturity of the Bonds;
- (6) the numbers and CUSIP numbers of the Bonds to be redeemed;
- (7) that the Redemption Price of any Bond is payable only upon the surrender of the Bond to the Trustee at the Office of Trustee;
- (8) the address at which the Bonds must be surrendered; and

(9) that interest on the Bonds called for redemption ceases to accrue on the redemption date, provided that, subject to the last paragraph of Section 6.10, on such redemption date Eligible Funds are on deposit in the Bond Fund sufficient to pay the Redemption Price of the Bonds in full.

Any notice mailed pursuant to this Section may state that the scheduled redemption is conditional to the extent that Eligible Funds are not held by the Trustee on the redemption date; in which case, all Bonds shall be returned to the holders thereof and remain outstanding under the terms and conditions of this Indenture.

Section 6.11 Deposit of Redemption Price or Purchase Price. On (except as provided in Section 6.1 hereof) or prior to any redemption date or date of purchase in lieu of redemption, and as a condition to such redemption or purchase, the Borrower shall, only to the extent of amounts due under the Note and the Loan Agreement, deposit or cause there to be deposited with the Trustee or applied in accordance with this Indenture, Eligible Funds in an amount sufficient to pay the Redemption Price or Purchase Price, as the case may be, of all of the Bonds to be redeemed or purchased on that date. Such money shall be held in trust for the benefit of the Persons entitled to such Redemption Price or Purchase Price and shall not be deemed to be part of the Trust Estate.

Section 6.12 Bonds Payable on Redemption Date. Notice of redemption having been given as aforesaid, the Bonds or portions thereof designated for redemption shall become due and payable on the redemption date at the Redemption Price and, from and after such date (unless the Borrower shall default in the payment of the Redemption Price with Eligible Funds), such Bonds or portions thereof shall cease to bear interest from and after the redemption date whether or not such Bonds are presented and surrendered for payment on such date. If any Bond or portion thereof called for redemption is not so paid upon presentation and surrender thereof on the redemption date, such Bond or portion thereof shall continue to bear interest at the rate or rates provided for thereon until paid and the Registered Owners thereof shall have all of the rights and be subject to the limitations set forth in Article XI hereof. Upon surrender of the Bonds for redemption in accordance with said notice, the Bonds shall be paid by the Trustee on behalf of the Issuer at the Redemption Price to the extent of Eligible Funds held by the Trustee on such redemption date. Installments of interest due on or prior to the redemption date shall be payable to the Registered Owners as of the relevant Record Dates, without surrender thereof, according to the terms of the Bonds and the provisions of this Indenture.

Section 6.13 Partial Redemption; Selection of Bonds. Redemption of Bonds, in part, pursuant to Section 6.3, Section 6.4 or Section 6.7 shall be made on a Proportionate Basis from all maturities of Bonds. All Bonds shall be randomly selected within a maturity.

In the event that a Bond subject to redemption pursuant to this Article VI is in a denomination larger than an Authorized Denomination, all or a portion of such Bond may be redeemed, but only in a principal amount such that the remaining principal amount of the Bond not so redeemed shall be an Authorized Denomination, unless the aggregate principal amount of Bonds Outstanding is an amount less than the minimum Authorized Denomination permitted hereunder. Upon surrender of any Bond for redemption in part, the Issuer shall execute and the Trustee shall authenticate and deliver to the Registered Owner, at the expense of the Borrower, a

new Bond or Bonds, in Authorized Denominations, equal to the unredeemed portion of the Bond so surrendered.

ARTICLE VII

DELIVERY OF BONDS; APPLICATION OF BOND PROCEEDS

Section 7.1 Conditions Precedent to the Delivery of Bonds. Upon payment for the Bonds, the Trustee shall authenticate the Bonds and deliver them to the purchaser or purchasers as shall be directed by the Issuer as hereinafter in this Section provided. Prior to the delivery by the Trustee of any of the definitive Bonds there shall be filed with the Trustee:

(a) Executed counterparts of this Indenture, the Loan Agreement, the Regulatory Agreement, the Bond Purchase Agreement, the Note, the Mortgage, any UCC financing statement required by the Mortgage;

(b) A certified copy of the Resolution;

(c) The purchase price of the Bonds received from the Bond Purchaser in the Authorized Amount;

(d) An executed Investor Letter from the Bond Purchaser;

(e) An Opinion of Bond Counsel substantially to the effect that the Bonds constitute valid and binding obligations of the Issuer and that, under existing statutes, regulations, published rulings and judicial decisions, the interest on the Bonds is not includable in gross income for federal income tax purposes;

(f) A written request and authorization by the Issuer to the Trustee to authenticate and deliver the Bonds to or for the account of the Bond Purchaser upon receipt of the purchase price thereof; and

(g) Any other documents or opinions which the Trustee, the Issuer, the Bondholder Representative or Bond Counsel may require.

Section 7.2 Proceeds From Sale of Bonds and Other Closing Funds. On the Closing Date, the Trustee shall deposit the proceeds from the sale of the Bonds (in an amount equal to the Authorized Amount of the Bonds) into the Loan Fund and immediately apply such proceeds, together with other amounts on deposit with the Trustee, to the redemption in whole of the Prior Bonds, pursuant to Section 8.7 hereof.

ARTICLE VIII

PLEDGE; FUNDS

Section 8.1 Pledge of Revenues and Assets. The pledge and assignment of and the security interest granted in the Trust Estate pursuant to the Granting Clauses hereof for the payment of the principal of, premium, if any, and interest on the Bonds, in accordance with their terms and provisions, and for the payment of all other amounts due hereunder, shall attach and be valid and binding from and after the time of the delivery of the Bonds by the Trustee or by any person authorized by the Trustee to deliver the Bonds. The Trust Estate so pledged and then or

thereafter received by the Trustee shall immediately be subject to the lien of such pledge and security interest without any physical delivery or recording thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof.

Section 8.2 Establishment of Funds. There are established with the Trustee the following trust funds:

- (i) the Bond Fund;
- (ii) the Loan Fund (with the Tax-Exempt Bonds Account and the Equity Account therein);
- (iii) the Rebate Fund;
- (iv) the Expense Fund;
- (v) the Costs of Issuance Fund;
- (vi) the Principal Reserve Fund; and
- (vii) the Surplus Fund.

All money required to be deposited with or paid to the Trustee for the account of any of the funds created by this Indenture shall be held by the Trustee in trust for the benefit of the Bondholders, and except for (i) money held in the Expense Fund and the Rebate Fund, and (ii) money deposited with or paid to the Trustee for the redemption of Bonds, notice of the redemption of which has been duly given, shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien hereof.

Section 8.3 Application of Pledged Revenues. (a) All money received by the Trustee from the Borrower or the Servicer pursuant to Section 2.6 of the Loan Agreement and Cap Payments, if any, and all other Pledged Revenues (except as provided in Subsection (b)), whenever received, shall be deposited by the Trustee into the Bond Fund.

(b) All money received by the Trustee from the Borrower or the Servicer pursuant to Section 2.7 of the Loan Agreement shall be disbursed or transferred, as appropriate, when received by the Trustee, in the following order of priority:

- (i) to the Rebate Fund, an amount equal to the Rebate Amount, if any, then required to be deposited therein pursuant to the Loan Agreement;
- (ii) to the Expense Fund, if such monies are needed to pay any expenses pursuant to Section 2.7 of the Loan Agreement; or
- (iii) to the Surplus Fund.

Section 8.4 Bond Fund. The Issuer and the Borrower shall have no interest in the Bond Fund or the moneys therein, which shall always be maintained by the Trustee completely separate and segregated from all other moneys held hereunder and from any other moneys of the Issuer and the Borrower.

The Trustee shall deposit into the Bond Fund the amounts required by Sections 7.2 and 8.3 hereof together with any other amounts received by the Trustee which are subject to the lien and pledge of this Indenture, including any Pledged Revenues not otherwise specifically directed to be deposited into other funds created by this Indenture.

On each Bond Payment Date the Trustee shall apply all amounts on deposit in the Bond Fund in the following order of priority:

First, to pay or provide for the payment of the interest due on the Bonds on the next Bond Payment Date.

Second, to the Principal Reserve Fund in an amount equal to the Principal Reserve Fund Deposit as indicated in the Principal Reserve Fund Deposit Schedule;

Third, to the Expense Fund, an amount equal to 1/12 of: (a) the Trustee's Fee, (b) the Rebate Analyst's Fee and (c) the Issuer's Fee;

Fourth, to pay or provide for the payment of the redemption of Bonds pursuant to Sections 6.3 6.4 or 6.5 of this Indenture provided monies have been transferred or deposited into the Bond Fund for such purpose; and

Fifth, all Pledged Revenues remaining after the foregoing shall be transferred to the Surplus Fund and held therein.

If the amounts held in the Bond Fund are insufficient to pay the principal of or interest on the Bonds when due (together with any Third Party Fees), the Trustee shall charge the Surplus Fund to cover such deficiency. The Trustee shall notify the Bondholder Representative of such deficiency only if amounts on deposit in the Surplus Fund are insufficient to make such payment.

Section 8.5 Expense Fund. The Trustee shall deposit in the Expense Fund the amounts referred to in Section 8.4 hereof. Amounts on deposit in the Expense Fund shall be used to pay the Third Party Fees as and when the same become due. In the Loan Agreement, the Borrower has agreed to pay directly to the Issuer or the Trustee any extraordinary fees and expenses of the Issuer or the Trustee, as the case may be, that are not included within the Issuer's Fee or the Trustee's Fee.

Section 8.6 Costs of Issuance Fund. Amounts in the Costs of Issuance Fund shall be disbursed by the Trustee only to pay Costs of Issuance upon receipt of a written closing memorandum provided to the Trustee by the Bondholder Representative on the date of initial execution and delivery of this Indenture and, thereafter, upon receipt of a Written Requisition of the Borrower which requisition shall state the amount to be paid, the payee and the purpose for such payment. Upon the receipt of Written Direction from the Borrower or the date that is

ninety (90) days following the Closing Date, whichever date is later, the Trustee shall transfer all amounts remaining in the Costs of Issuance Fund to the Equity Account of the Loan Fund.

Section 8.7 Loan Fund.

(a) Before any payment shall be made from any account within the Loan Fund, the Regulatory Agreement and Mortgage shall have been recorded in the official records of the county in which the Project is located (confirmed by the title company responsible for such recording). On the Closing Date, the Trustee shall transfer moneys in the Tax-Exempt Bonds Account of the Loan Fund to the trustee for the Prior Bonds for application, along with other amounts, to the redemption in whole of the Prior Bonds. The Trustee shall transfer moneys in the Equity Account of the Loan Fund pursuant to the provisions of Section 8.7(g) hereof.

There shall be filed with the Trustee a Written Requisition of the Borrower substantially in the form attached hereto as Exhibit D and approved by the Bondholder Representative for each payment of amounts from the Loan Fund (upon which the Trustee may conclusively rely). Notwithstanding the foregoing, (1) the Trustee may withdraw amounts from the Tax-Exempt Bonds Account of the Loan Fund without a Written Requisition to transfer moneys therein to the trustee for the Prior Bonds for application, along with other amounts, to the redemption in whole of the Prior Bonds, and (2) the Trustee may withdraw amounts from the Equity Account of the Loan Fund without a Written Requisition to pay interest on the Bonds.

In connection with a Written Requisition:

(i) Only the signature of an authorized officer of the Bondholder Representative shall be required on a Written Requisition during any period in which a default by the Borrower has occurred and is then continuing under the Loan (notice of which default has been given in writing by an authorized officer of the Bondholder Representative to the Trustee and the Issuer, and the Trustee shall be entitled to conclusively rely on any such Written Notice as to the occurrence and continuation of such a default).

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

(iii) The Trustee shall be entitled to conclusively rely upon any Written Requisition in determining whether to disburse amounts from the Loan Fund.

(b) Upon receipt of each Written Requisition submitted by the Borrower and approved in writing by the Bondholder Representative, the Trustee shall within three (3) Business Days make payment from the appropriate account within the Loan Fund in accordance with such Written Requisition. The Trustee shall have no duty to determine whether any requested disbursement from the Loan Fund complies with the terms, conditions and provisions of the Bond Documents. The approval in writing of a Written Requisition by the Bondholder Representative shall be deemed a certification and, insofar as the Trustee and the Issuer are

concerned, shall constitute conclusive evidence that all of the terms, conditions and requirements of the Bond Documents applicable to such disbursement have been fully satisfied or waived and the Written Requisition from the Borrower shall, insofar as the Trustee and the Issuer are concerned, constitute conclusive evidence that the costs described in the Written Requisition constitute permitted Project costs. Each Written Requisition shall include an exhibit that allocates the requested disbursement among the Bonds and the funds received by the Trustee from the Borrower. The Trustee shall, immediately upon each receipt of a completed Written Requisition signed by an authorized officer of the Borrower and approved in writing by the Bondholder Representative, initiate procedures with the provider of the Investment Agreement, if any, to make withdrawals under any Investment Agreement as necessary to fund the Written Requisition.

The Trustee shall immediately notify the Borrower and the Bondholder Representative if there are not sufficient funds available to make the transfers as and when required by this subsection 8.7(b): All such payments shall be made by check or draft payable, or by wire transfer, either (i) directly to the person, firm or corporation to be paid, (ii) to the Borrower and such person, firm or corporation, or (iii) upon the Bondholder Representative's receipt of evidence that the Borrower has previously paid such amount and Written Direction to the Trustee as to such, to the Borrower. If a Written Requisition signed by the Authorized Borrower Representative and countersigned by an authorized officer of the Bondholder Representative is received by the Trustee, the requested disbursement shall be paid by the Trustee as soon as practicable, but in no event later than three (3) Business Days following receipt thereof by the Trustee. Upon final disbursement of all amounts on deposit in the Loan Fund, the Trustee shall close the Loan Fund.

(c) [Reserved].

(d) Immediately prior to any mandatory redemption of Bonds pursuant to Section 6.3 or 6.4 of this Indenture, any amounts then remaining in the Loan Fund attributable to the proceeds of the Bonds (as determined by the Written Requisitions from the Loan Fund received by the Trustee from the Borrower and approved by the Bondholder Representative) shall, at the Written Direction of the Bondholder Representative, be transferred to the Bond Fund to be applied to the redemption of Bonds pursuant to Sections 6.3 or 6.4 or the purchase of Bonds in lieu of redemption pursuant to the provisions of Section 6.8 hereof.

(e) Amounts on deposit in the Loan Fund shall be invested as provided in Section 9.1. All investment income earned on amounts on deposit in the Loan Fund shall be retained in and credited to and become a part of the amounts on deposit in the Loan Fund.

(f) [Reserved].

(g) On and after the Closing Date, amounts on deposit in the Equity Account of the Loan Fund shall be disbursed from time to time by the Trustee upon receipt of a Written Requisition of the Borrower signed by an Authorized Borrower Representative and the Bondholder Representative.

Section 8.8 Rebate Fund. (a) The Trustee shall deposit or transfer to the credit of the Rebate Fund each amount delivered to the Trustee by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto.

(b) Within 15 days after each receipt or transfer of funds to the Rebate Fund in accordance with Section 8.3 hereof, the Trustee shall withdraw from the Rebate Fund and pay to the United States of America the entire balance of the Rebate Fund.

(c) [Reserved].

(d) All payments to the United States of America pursuant to this Section shall be made by the Trustee for the account and in the name of the Issuer and shall be paid through the United States Mail (return receipt requested or overnight delivery), addressed to the appropriate Internal Revenue Service Center and accompanied by the appropriate Internal Revenue Service forms (such forms to be provided to the Trustee by the Borrower or the Rebate Analyst as set forth in the Loan Agreement).

(e) The Trustee shall preserve all statements, forms and explanations received from the Borrower pursuant to Section 6.14 of the Loan Agreement and all records of transactions in the Rebate Fund until six years after the retirement of all of the Bonds.

(f) The Trustee may conclusively rely on the instructions of the Borrower or the Rebate Analyst with regard to any actions to be taken by it pursuant to this Section and shall have no liability for any consequences of any failure of the Borrower or the Rebate Analyst to perform its duties or obligations or to supply accurate or sufficient instructions. Except as specifically provided in subsection (b) above, the Trustee shall have no duty or responsibility with respect to the Rebate Fund or the Borrower's duties and responsibilities with respect thereto except to follow the Borrower's or the Rebate Analyst's specific written instruction related thereto.

(g) If at any time during the term of this Indenture the Issuer, the Trustee or the Borrower desires to take any action which would otherwise be prohibited by the terms of this Section, such Person shall be permitted to take such action if it shall first obtain and provide to the other Persons named herein, an Favorable Opinion of Counsel to the effect that such action shall not adversely affect the exclusion of interest on the Bonds from gross income of the owners thereof for federal income tax purposes and shall be in compliance with the laws of the State and the terms of this Indenture.

(h) Moneys and securities held by the Trustee in the Rebate Fund shall not be deemed funds of the Issuer and are not pledged or otherwise subject to any security interest in favor of the Owners to secure the Bonds or any other obligations.

(i) Moneys in the Rebate Fund may be separately invested and reinvested by the Trustee, at the request of and as directed in writing by the Borrower, in Permitted Investments, subject to the Code. The Trustee shall sell and reduce to cash a sufficient amount of such Permitted Investments whenever the cash balance in the Rebate Fund is insufficient for its purposes.

(j) Notwithstanding anything to the contrary in this Indenture, no payment shall be made by the Trustee to the United States if the Borrower shall furnish to the Issuer and the Trustee, an Favorable Opinion of Counsel to the effect that such payment is not required under Section 148(d) and (f) of the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds. In such event the Borrower shall be entitled to withdraw funds from the Rebate Fund to the extent the Borrower shall provide a Favorable Opinion of Counsel to the Issuer and the Trustee that such withdrawal will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds.

(k) The Trustee shall keep and make available to the Issuer and the Borrower records concerning the investments of all funds held by the Trustee pursuant to the Indenture including date bought and sold, price and commission paid, and bids taken, if any, and shall keep all such records until six years after the date on which no Bonds are outstanding in order to enable the Borrower to make the computations required under Section 148(f) of the Code.

(l) Notwithstanding the foregoing, the computations and payments of rebate amounts referred to in this Section 8.8 need not be made to the extent that neither the Issuer nor the Borrower will thereby fail to comply with any requirements of Section 148(f) of the Code based on a Favorable Opinion of Counsel, a copy of which shall be provided to the Trustee.

Section 8.9 Surplus Fund. The Trustee shall disburse all amounts on deposit in the Surplus Fund as provided in Section 6.7 or Section 8.4.

Section 8.10 [Reserved].

Section 8.11 Application of Funds and Accounts upon Event of Default. Upon the occurrence of an Event of Default, the Trustee shall, unless otherwise directed in a Written Direction from the Bondholder Representative and the Swap Provider, apply all moneys in the funds and accounts established under this Indenture pursuant to Section 11.4 hereof.

Section 8.12 Non-Presentation of Bonds. In the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, if money sufficient to pay such Bonds shall have been made available to the Trustee for the benefit of the registered holders thereof and shall have remained unclaimed for three years after the date on which such principal became due, upon Written Direction from the Bondholder Representative, such funds shall be released to the Bondholder Representative, or any successor provision of law, and all liability of the Issuer and the Trustee to the registered owners thereof for the payment of such Bonds shall forthwith cease, determine and be completely discharged; provided, however, that the Trustee, before being required to dispose of such funds as stated above shall cause to be published once in a financial newspaper or journal of general circulation in New York, New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be paid to the Bondholder Representative. The cost of such publication shall be paid by the Bondholder Representative. The obligation of the Trustee under this Section is to dispose of any such funds pursuant to the laws of the State.

Section 8.13 Repayment from Funds and Accounts. Notwithstanding the Person or Persons that are the Registered Holders of the Bonds nor the Person or Persons acting as Bondholder Representative, any moneys remaining in any Fund or Account created under the Indenture after payment or provision for payment in full of all Bond Obligations, all fees, charges and expenses of the Issuer, the Trustee, the Rebate Analyst and the Servicer, the payment of all parties to whom moneys are owed pursuant to Section 8.3 hereof and all other amounts required to be paid hereunder or under the Bond Documents, shall be paid to the Bondholder Representative. The Bondholder Representative is a third party beneficiary of this Indenture for the sole purpose of this Section 8.13.

Section 8.14 [Reserved]

Section 8.15 Principal Reserve Fund. (a) The Trustee shall deposit into the Principal Reserve Fund all of the monthly payments made by the Borrower in accordance with the Principal Reserve Fund Deposit Schedule; provided, however, that such monthly payments may be deferred as such schedule may be amended in writing and provided to the Trustee by the Bondholder Representative. Investment Income earned on amounts on deposit in the Principal Reserve Fund shall be retained in the Principal Reserve Fund.

(b) The Trustee shall pay, apply or transfer amounts on deposit in the Principal Reserve Fund as follows:

(1) on the tenth day of any month in which amounts on deposit in the Principal Reserve Fund (rounded downward to the nearest multiple of \$1.00) are in excess of the Principal Reserve Amount, amounts on deposit in the Principal Reserve Fund (rounded downward to the nearest multiple of \$1.00) in excess of the Principal Reserve Amount shall be applied to the redemption of Bonds pursuant to Section 6.5 hereof; and

(2) on the Bond Payment Date following receipt by the Trustee of Investment Income on moneys in the Principal Reserve Fund, pay such Investment Income to the Borrower;

(3) if the aggregate amount on deposit in the Principal Reserve Fund on the tenth day of any month is equal to the principal amount of the Bonds outstanding then all amounts on deposit in the Principal Reserve Fund shall be applied to the redemption of Bonds pursuant to Section 6.5 hereof; and

(4) with the written consent of the Borrower and the Bondholder Representative, disbursed for any other purpose, including disbursement to the Borrower.

The Principal Reserve Fund Deposit Schedule may be revised from time to time by the Written Direction of the Bondholder Representative. The Trustee shall conclusively rely on such Written Direction when determining amounts to be redeemed pursuant to this Section 6.5.

Section 8.16 Additional Funds. The Trustee is hereby authorized to establish and create from time to time such other funds and accounts or subaccounts as may be necessary for the deposit of moneys (including, without limitation, insurance proceeds and/or condemnation

awards) received by the Trustee pursuant to the terms hereof or any of the other Bond Documents.

Section 8.17 Subsequent Cap Agreements. The Trustee shall only accept a Cap Agreement at the Written Direction of the Bondholder Representative. In the event the Trustee does not receive a subsequent interest rate cap agreement three (3) Business Days prior to expiration of the then current Swap Agreement or Cap Agreement, as applicable, held by the Trustee, the Trustee shall immediately provide Written Notice to the Bondholder Representative that it has not received a subsequent cap agreement to be in effect following termination of the current Swap Agreement or Cap Agreement, as applicable. The Trustee shall only accept a subsequent cap agreement at the Written Direction of the Bondholder Representative.

ARTICLE IX

INVESTMENT OF FUNDS

Section 9.1 Investment of Funds. (a) Any money held as part of the funds and accounts shall be invested or reinvested by the Trustee solely pursuant to Written Direction from the Borrower, and consented to in writing by the Bondholder Representative, in Permitted Investments. All such Permitted Investments shall mature or be subject to withdrawal or redemption without discount or penalty prior to the next Bond Payment Date. In addition, following receipt by a Responsible Officer of Written Notice of an Event of Default of the Borrower, Loan Agreement Default or Default of the Borrower, the Trustee shall invest and reinvest the money it holds as part of the funds and accounts at the Written Direction of the Bondholder Representative. Except as described below, any investment made with money on deposit in a Fund or Account shall be held by or under control of the Trustee and shall be deemed at all times a part of the Fund or Account where such money was on deposit, and the interest and profits realized from such investment shall be credited to such Fund or Account and any loss resulting from such investment shall be charged to such Fund or Account. In the absence of the receipt of any investment instructions as provided herein, the Trustee may invest all money under its control in investments described in clause (g) of the definition of Permitted Investments. Notwithstanding the foregoing, amounts in the Loan Fund shall be invested in the Investment Agreement, if any.

(b) Any investment of money may be made by the Trustee through its own bond department, investment department or other commercial banking department or Affiliate of the Trustee providing investment services. The Trustee, any such department or the Trustee's Affiliates may receive reasonable and customary compensation in connection with any investment made under this Indenture.

(c) The Trustee shall have no liability or responsibility for any depreciation of the value of any investment made in accordance with the provisions of this Section or for any loss resulting from such investment or redemption, sale or maturity thereof.

(d) Unless otherwise confirmed in writing, an account statement delivered by the Trustee to the Borrower or the Bondholder Representative, as the case may be, shall be deemed written confirmation by said party that the investment transactions identified therein accurately reflect the investment directions given to the Trustee by said party, unless said party notifies the Trustee in writing to the contrary within thirty (30) days of the date of receipt of such statement.

(e) The Issuer (and the Borrower by virtue of its execution of the Loan Agreement) acknowledges that to the extent regulations of the Office 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 specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish to the Issuer, the Bondholder Representative and the Borrower periodic cash transaction statements that include detail for all investment transactions made by the Trustee hereunder.

(f) Except as otherwise provided in subsection (g) of this Section, the Issuer and the Borrower (by virtue of its execution of the Loan Agreement) covenant that 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.

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

ARTICLE X

REPRESENTATIONS AND COVENANTS

Section 10.1 General Representations. The Issuer makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Issuer is a political subdivision of the State of California, has the power and authority to (i) enter into the Bond Documents to which it is a party and the transactions contemplated thereby, (ii) issue the Bonds to finance the Project and (iii) carry out its other obligations under this Indenture and the Bonds, and by proper action has duly authorized the Issuer's execution and delivery of, and its performance under, such Bond Documents and all other agreements and instruments relating thereto.

(b) To the Issuer's best knowledge, the Issuer is not in default under or in violation of, and the execution and delivery of the Bond Documents to which it is a party and its compliance with the terms and conditions thereof will not conflict or constitute a default under or a violation of, (1) the Act, (2) to its knowledge, any other existing laws, rules, regulations, judgments, decrees and orders applicable to it, or (3) to its knowledge, the provisions of any agreements and instruments to which the Issuer is a party, a default under or violation of which would prevent it from issuing and selling the Bonds, financing the Project, executing and delivering the Bond Documents to which it is a party or consummating the transactions contemplated thereby, and, to its knowledge, no event has occurred and is continuing under the provisions of any such agreement or instrument or otherwise that with the lapse of time or the giving of notice, or both, would constitute such a default or violation (it being understood, however, that the Issuer is making no representations as to the necessity of registering the Bonds pursuant to any securities laws or complying with any other requirements of securities laws).

(c) To the Issuer's best knowledge, no litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or threatened against the Issuer with respect to (1) the organization and existence of the Issuer, (2) its authority to execute or deliver the Bond Documents to which it is a party, (3) the validity or enforceability of any such Bond Documents or the transactions contemplated thereby, (4) the title of any officer of the Issuer who executed such Bond Documents or (5) any authority or proceedings relating to the execution and delivery of such Bond Documents on behalf of the Issuer, and no such authority or proceedings have been repealed, revoked, rescinded or amended but are in full force and effect.

(d) The revenues and receipts to be derived from the Loan Agreement, the Note and this Indenture have not been pledged previously by the Issuer to secure any of its notes or bonds other than the Bonds.

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

Section 10.2 No Encumbrance on Trust Estate. The Issuer will not knowingly create or knowingly permit the creation of any mortgage, pledge, lien, charge or encumbrance of any kind on the Trust Estate or any part thereof prior to or on a parity with the lien of this Indenture, except as expressly permitted or contemplated by the Bond Documents.

Section 10.3 Payment of Bond Obligations. Subject to the provisions of Article III of this Indenture, the Issuer will duly and punctually pay, or cause to be paid, the Bond Obligations, as and when the same shall become due and will duly and punctually deposit, or cause to be deposited, in the funds and accounts created under this Indenture the amounts required to be deposited therein, all in accordance with the terms of the Bonds and this Indenture.

Section 10.4 Loan Agreement Performance. (a) The Trustee, on behalf of the Issuer, may (but shall not be required or obligated) perform and observe any such agreement or covenant of the Issuer under the Loan Agreement, all to the end that the Issuer's rights under the Loan Agreement may be unimpaired and free from default.

(b) The Issuer will promptly notify the Trustee, the Borrower, the Servicer and the Bondholder Representative in writing of the occurrence of any Loan Agreement Default, provided that the Issuer has written notice or otherwise has actual knowledge of such event.

Section 10.5 Maintenance of Records; Inspection of Records. (a) The Trustee shall keep and maintain adequate records pertaining to the funds and accounts established hereunder, including all deposits to and disbursements from said funds and accounts. The Trustee shall retain in its possession all certifications and other documents presented to it, all such records and all records of principal, interest and premium paid on the Bonds, subject to the inspection of the Borrower, the Issuer, the Bondholder Representative, and their representatives at all reasonable times and upon reasonable prior notice.

(b) The Issuer will at any and all times, upon the reasonable request of the Trustee, the Borrower or the Bondholder Representative, afford and procure a reasonable opportunity by their respective representatives to inspect the books, records, reports and other papers of the Issuer relating to the Project and the Bonds, if any, and to make copies thereof.

Section 10.6 Advances by Trustee. If the Issuer shall fail to perform any of its covenants in this Indenture (and such failure to perform shall not have been timely cured by the Borrower), the Trustee or Bondholder Representative may, in its sole discretion, but shall not be required to, at any time and from time to time (after written notice to the Borrower, if no Loan Agreement Default or Default shall exist under the Loan Agreement, and the Bondholder Representative) make advances to effect performance of any such covenant on behalf of the Issuer. Any money so advanced by the Trustee or the Bondholder Representative, together with interest at the Default Rate, shall be repaid (subject to the provisions of Article III of this Indenture) upon demand and such advances shall be secured under this Indenture prior to the Bonds.

Section 10.7 Tax Covenants. (a) Issuer's Covenants. The Issuer covenants to and for the benefit of the Bondholders that, notwithstanding any other provisions of this Indenture or of any other instrument, it will:

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

(ii) not take or cause to be taken any other action or actions, or fail to take any action or actions, which would cause the interest payable on the Bonds to be includable in gross income for federal income tax purposes;

(iii) at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Issuer on the Bonds will be excluded from the gross income, for federal income tax purposes, of the Bondholders pursuant to Section 103 of the Code, except in the event where any such owner of Bonds is a “substantial user” of the facilities financed with the Bonds or a “related person” within the meaning of the Code;

(iv) not take any action or permit or 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 and the Regulations; and

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

In furtherance of the covenants in this Section 10.7, the Issuer and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which are by this reference incorporated into this Indenture and made a part of this Indenture as if set forth in this Indenture in full, and by its acceptance of this Indenture the Trustee acknowledges receipt of the Tax Certificate and acknowledges its incorporation in this Indenture by this reference. The Trustee agrees it will invest funds held under this Indenture in accordance with the terms of this Indenture and the Tax Certificate (this covenant shall extend throughout the term of the Bonds, to all Funds and Accounts created under this Indenture and all moneys on deposit to the credit of any Fund or Account); provided that the Trustee shall be deemed to have complied with such requirements and shall have no liability to the extent it reasonably follows directions of the Borrower or otherwise complies with the provisions of Article V of the Indenture. The Trustee further agrees to notify the Borrower of its obligation under Section 6.14 of the Loan Agreement with respect to the calculation of relatable arbitrage.

For purposes of this Section 10.7(a) the Issuer’s compliance shall be based solely on matters within the Issuer’s control and no acts, omissions or directions of the Borrower, the Trustee or any other Persons shall be attributed to the Issuer.

Section 10.8 Performance by the Borrower. Without relieving the Issuer from the responsibility for performance and observance of the agreements and covenants required to be

performed and observed by it hereunder, the Borrower, on behalf of the Issuer, may perform any such agreement or covenant if no Loan Agreement Default or Default under the Loan Agreement exists.

ARTICLE XI

DEFAULT; REMEDIES

Section 11.1 Events of Default. Any one or more of the following shall constitute an event of default (an “Event of Default”) under this Indenture (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) a default in the payment of any interest upon the Bonds when such interest becomes due and payable; or

(b) a default in the payment of principal of, or premium on, the Bonds when such Bond principal or premium becomes due and payable, whether at its stated maturity, by declaration of acceleration or call for redemption, purchase or otherwise; or

(c) [Reserved];

(d) [Reserved];

(e) subject to Section 10.8 hereof, default in the performance or breach of any material covenant or warranty of the Issuer in this Indenture (other than a covenant or warranty or default in the performance or breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of thirty (30) days after there has been given written notice, as provided in Section 15.1 hereof, to the Issuer and the Borrower by the Trustee or to the Issuer, the Borrower and the Trustee, by the Bondholder Representative, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a “notice of default” under this Indenture; provided that, so long as the Issuer has commenced to cure such failure to observe or perform within the thirty (30) day cure period and the subject matter of the default is not capable of cure within said thirty (30) day period and the Issuer is diligently pursuing such cure to the Trustee’s satisfaction, with the Bondholder Representative’s Written Direction or Written Consent, then the Issuer shall have an additional period of time as reasonably necessary (not to exceed thirty (30) days unless extended in writing by the Bondholder Representative) within which to cure such default.

(f) A failure to pay any Third Party Fee.

The Trustee will promptly notify the Issuer, the Borrower, the Servicer, the Swap Provider and the Bondholder Representative after a Responsible Officer obtains actual knowledge of the occurrence of an Event of Default.

Section 11.2 Acceleration of Maturity; Rescission and Annulment. (a) Subject to the provisions of Section 11.11 of this Indenture, upon the occurrence of an Event of Default under Section 11.1 hereof, then and in every such case, the Trustee may (but only with the consent of the Bondholder Representative) and, at the *Written Direction of the Bondholder Representative*, the Trustee shall declare the principal of all the Bonds and the interest accrued to be immediately due and payable, by notice to the Issuer, the Swap Provider and the Borrower and upon any such

declaration, all principal of and Prepayment Premium, if any, and interest on the Bonds shall become immediately due and payable.

(b) At any time after such a declaration of acceleration has been made pursuant to subsection (a) of this Section, the Bondholder Representative (if it gave consent or Written Direction pursuant to Section 11.2(a)) may by Written Notice to the Issuer, the Swap Provider and the Trustee, rescind and annul such declaration and its consequences if:

(i) there has been deposited with the Trustee a sum sufficient to pay (1) all overdue installments of interest on the Bonds, (2) the principal of and redemption premium on the Bonds that has become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in the Bonds, (3) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Bonds, and (4) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel;

(ii) all Events of Default, other than the non-payment of the principal of the Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived in writing as provided in Section 11.11; and

(iii) a Swap Agreement or Cap Agreement complying with the provisions of the Loan Agreement is in effect.

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

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

Section 11.3 Additional Remedies; Bondholder Representative Enforcement. (a) Upon the occurrence of an Event of Default, the Trustee may, subject to the provisions of this Section 11.3 and the last paragraph of Section 11.12, proceed to protect and enforce its rights and the rights of the Bondholders by mandamus or other suit, action or proceeding at law or in equity. No remedy conferred by this Indenture upon or remedy reserved to the Trustee or to the Bondholders is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Bondholders hereunder or now or hereafter existing at law or in equity or by statute.

(b) Upon the occurrence and continuation of any Event of Default, the Bondholder Representative may proceed forthwith to protect and enforce its rights and the rights of the Bondholders, the Bonds and this Indenture by such suits, actions or proceedings as the Bondholder Representative, in its sole discretion, shall deem expedient.

(c) Notwithstanding anything to the contrary contained in this Indenture, the Trustee shall not exercise any of its rights or remedies under this Article XI or otherwise hereunder or

under any of the other Bond Documents as a result of the occurrence of an Event of Default hereunder unless and until instructed by Written Direction to do so by the Bondholder Representative. The Trustee shall in such event exercise such rights and remedies as so instructed by the Bondholder Representative (if it gave Written Direction to the Trustee pursuant to this Section 11.3(c)); provided, that the Bondholder Representative (if it gave Written Direction to the Trustee pursuant to this Section 11.3(c)) shall have offered to the Trustee in writing indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred by the Trustee in compliance with any such instructions.

(d) Whether or not an Event of Default has occurred, any and all consents and approvals of the Trustee as Lender required under the Mortgage, the Note or any other Bond Document shall be given only with the prior written consent of the Bondholder Representative, in its sole discretion.

(e) Whether or not an Event of Default has occurred, and except as provided in Subsections 11.3(f) and (g), the Bondholder Representative, in its sole discretion, shall have the sole right to direct the Trustee to waive or forebear any term, condition, covenant or agreement of the Mortgage, the Loan Agreement, the Note or any other Bond Documents applicable to the Borrower, or any breach thereof, other than a covenant that would adversely impact the tax-exempt status of the Bonds, and provided that the Issuer may enforce specific performance with respect to the Regulatory Agreement and the Unassigned Issuer's Rights.

(f) If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in the Regulatory Agreement, and if such default remains uncured for a period of 60 days after the Borrower and the Bondholder Representative receive written notice from the Trustee or the Issuer stating that a Regulatory Agreement default has occurred and specifying the nature of the default, the Trustee shall have the right to seek specific performance of the provisions of the Regulatory Agreement or to exercise its other rights or remedies thereunder.

(g) If the Borrower defaults in the performance of its obligations under the Loan Agreement to make rebate payments, to comply with continuing disclosure requirements or to make payments to the Trustee owed pursuant to Sections 2.7, 5.12 or 5.17 of the Loan Agreement for fees, expenses or indemnification, the Trustee shall have the right to exercise all its rights and remedies thereunder; provided, however, that any such forbearance by the Trustee in the exercise of its remedies under the Loan Documents or the Bond Documents shall not be construed as a waiver of any of the Trustee's rights.

Section 11.4 Application of Money Collected. Any money collected by the Trustee pursuant to this Article and any other sums then held by the Trustee as part of the Trust Estate, shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of the Bond Obligations, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(i) First: To the payment of all amounts due to the Trustee hereunder in connection with actions taken pursuant to this Article and the fees, expenses, liabilities or

advances payable to or incurred or made by the Trustee, including any reasonable fees and expenses of counsel;

(ii) Second: To the payment of the whole amount of the Bonds then due and unpaid in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Bonds) on overdue principal of, and Prepayment Premium and overdue installments of interest on the Bonds; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon the Bonds, then to the payment of such Bonds without any preference or priority, ratably according to the aggregate amount so due; provided, however, that the Bonds shall be paid in such order of priority as may be prescribed by Written Direction of the Bondholder Representative in its sole and absolute discretion;

(iii) Third: [RESERVED]

(iv) Fourth: To the payment of any and all other amounts due under the Bond Documents including, without limitation, any amounts due to the Issuer, the Trustee, the Bondholder Representative, the Servicer and the Rebate Analyst; and

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

Section 11.5 Remedies Vested in Trustee and Bondholder Representative. All rights of action and claims under this Indenture or the Bonds may be prosecuted and enforced by the Trustee without the possession of the Bonds or the production thereof in any proceeding relating thereto. Subject to the rights of the Bondholder Representative, to direct proceedings hereunder, any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the benefit of the Bondholders, in respect of whom such judgment has been recovered.

Section 11.6 Limitation on Suits; Rights of Bondholders. Subject to the provisions of Section 11.12 of this Indenture and to rights specifically given to the Bondholder Representative, no Bondholder shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Indenture, or for the appointment of a receiver or trustee or for any other remedy hereunder, unless:

(i) such Bondholder previously has given written notice to the Trustee of a continuing Event of Default;

(ii) such Bondholder shall have made request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder; and

(iii) such Bondholder (either alone or together with other Bondholders) has offered to the Trustee in writing reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and the Trustee has thereafter failed or refused to exercise remedies hereunder.

Section 11.7 Unconditional Right of Bondholders to Receive Principal, Premium and Interest. Notwithstanding any other provision in this Indenture, other than those set forth in Article III hereof, to the contrary, the Bondholders shall have the right which is absolute and unconditional to receive payment of the Bond Obligations when due and, subject to Section 11.6, to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the written consent of all of the Bondholders.

Section 11.8 Restoration of Positions. If the Trustee, the Bondholder Representative or any of the Bondholders shall have instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, the Bondholder Representative or to the Bondholders, then and in every such case the Issuer, the Trustee, the Bondholder Representative and the Bondholders shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Issuer, the Trustee, the Bondholder Representative and the Bondholders shall continue as though no such proceeding had been instituted.

Section 11.9 Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Trustee, the Bondholder Representative or the Bondholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 11.10 Delay or Omission Not Waiver. No delay or omission of the Trustee, the Bondholder Representative or of the Bondholders to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee, the Bondholder Representative or the Bondholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee, the Bondholder Representative or by the Bondholders, as the case may be. No waiver of any default or Event of Default pursuant to Section 11.11, whether by the Trustee, the Bondholder Representative or the Bondholders, shall extend to or shall affect any subsequent default or Event of Default hereunder or shall impair any rights or remedies consequent thereon.

Section 11.11 Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Trustee, the Bondholder Representative (or, in the event of a monetary default, all of the Bondholders) may, subject to Section 11.6, by written notice to the Trustee, the Issuer and the Borrower, waive any past default hereunder or under the Loan Agreement and its consequences except for default in obligations due the Issuer pursuant to or under the Unassigned Issuer's Rights. Upon any such waiver, such default shall cease to exist,

and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture and the Loan Agreement; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 11.12 Remedies Under Loan Agreement or Note. As set forth in this Section 11.12 but subject to the last paragraph of this Section 11.12, the Trustee shall have the right, in its own name or on behalf of the Issuer, to declare any default and exercise any remedies under the Loan Agreement or the Note, whether or not the Bonds have been accelerated or declared due and payable by reason of an Event of Default. Any money collected by the Trustee pursuant to the exercise of any remedies under the Loan Agreement or the Note shall be applied as provided in Section 11.4 of this Indenture.

If an Event of Default has occurred and is continuing, the Trustee, at the Written Direction of the Bondholder Representative, shall enforce the Bond Documents and pursue the rights and remedies thereunder whether or not the Bonds have been accelerated or declared due and payable.

Notwithstanding anything to the contrary contained in this Indenture, the Trustee shall not exercise any of its rights or remedies under the Loan Agreement, the Note or any of the other Bond Documents as a result of the occurrence of a Loan Agreement Default, or an Event of Default under the Mortgage or any default or event of default under any of the other Bond Documents and the expiration of the applicable grace period or notice and cure period, if any, specified therein, unless and until instructed to do so in writing by the Bondholder Representative. The Trustee shall in such event exercise such rights and remedies as so instructed by the Bondholder Representative; provided that the Bondholder Representative shall have offered to the Trustee in writing indemnity reasonably satisfactory to the Trustee against the costs and expenses to be incurred by the Trustee in compliance with any such instructions.

Section 11.13 Waiver of Appraisal and Other Laws. (a) To the extent permitted by law, the Issuer will not at any time insist upon, plead, claim or take the benefit or advantage of, any appraisal, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement of this Indenture; and the Issuer, for itself and all who may claim under it, so far as it or they now or hereafter may lawfully do so, hereby waives the benefit of all such laws. The Issuer, for itself and all who may claim under it, waives, to the extent that it may lawfully do so, all right to have the property in the Trust Estate marshaled upon any enforcement hereof.

(b) If any law in this Section referred to and now in force, of which the Issuer or its successor or successors might take advantage despite this Section, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the application of this Section.

Section 11.14 Suits to Protect the Trust Estate. The Trustee may proceed, and upon the written request of the Bondholder Representative and the receipt of indemnity reasonably satisfactory to the Trustee shall proceed, to protect and enforce its rights and the rights of the Bondholders under this Indenture by such suits, actions or special proceedings in equity or at law, whether for the specific performance of any covenant or agreement, or in aid of the

execution of any power granted in this Indenture or by the Act, or for the enforcement of any legal or equitable right or remedy, as the Trustee, being advised by counsel, deems most effective to protect and enforce such rights or to perform any of its duties under this Indenture.

Section 11.15 Remedies Subject to Applicable Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

Section 11.16 Assumption of Obligations. In the event that the Trustee, the Bondholders or the Bondholder Representative or its respective assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of the Borrower under the Loan Agreement, the Note, the Regulatory Agreement and any other Bond Documents to which the Borrower is a party. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

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

ARTICLE XII

THE TRUSTEE

Section 12.1 Appointment of Trustee; Acceptance. The Issuer hereby appoints Wells Fargo Bank, National Association, as Trustee hereunder. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing this Indenture.

Section 12.2 Certain Duties and Responsibilities of Trustee. (a) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(b) If an Event of Default exists, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and subject to Section 12.2(c)(iii) hereof, use the same degree of care and skill in their exercise, as a prudent corporate trust officer would exercise or use under the circumstances in the conduct of corporate trust business.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, in each case, as finally adjudicated by a court of law, except that

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

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

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Bondholder Representative relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture; and

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

(d) Whether or not therein expressly so provided, every provision of this Indenture and the other Bond Documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

(e) The Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to

the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(f) The permissive rights of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

(g) The rights of the Trustee and limitations of liability enumerated herein and in Section 12.4 shall extend to actions taken or omitted in its role as assignee of the Issuer under the Loan Agreement and the other Bond Documents.

Section 12.3 Notice of Defaults. Upon the occurrence of any Event of Default hereunder and provided that a Responsible Officer of the Trustee is aware of or has received Written Notice of the existence of such Default, promptly, and in any event within fifteen (15) days, with respect to the Issuer, the Borrower, the Servicer, the Swap Provider, the Bondholder Representative and within thirty (30) days with respect to any other Bondholder, the Trustee shall transmit to the Issuer, the Bondholder Representative, the Swap Provider, the Borrower, the Investor Limited Partner and the Servicer in the manner and at the addresses for Notices set forth in Section 15.1 hereof and by mail to the Bondholders as their names and addresses appear in the Bond Register, notice of such Event of Default hereunder known to the Trustee pursuant to Section 12.3 hereof, unless such Event of Default shall have been cured or waived.

Section 12.4 Certain Rights of Trustee.

Except as otherwise provided in Section 12.1 hereof:

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

(b) any request or direction of the Issuer mentioned herein shall be sufficiently evidenced by a certificate or order executed by an Authorized Issuer Representative;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a Written Certificate of the Issuer or the Borrower, as appropriate;

(d) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of the Bondholder Representative, pursuant to this Indenture, unless the Bondholder Representative shall have offered to the Trustee in writing security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction, provided, that nothing contained in this subparagraph (d) shall be construed to require such security or indemnity for the performance by the Trustee of its obligations under Section 11.2 hereof;

(e) the Trustee 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, coupon or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books and records of the Issuer, if any, and of the Borrower, in either case personally or by agent or attorney after reasonable notice and during normal business hours;

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

(g) the Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except for Events of Default specified in subsections (a) or (b) of Section 11.1 hereof, unless a Responsible Officer of the Trustee shall be specifically notified by a Written Direction of such Default or Event of Default by the Issuer, the Bondholder Representative or by any Bondholder; and all notices or other instruments required by this Indenture to be delivered to the Trustee, must, in order to be effective, be delivered in writing to a Responsible Officer of the Trustee at the Office of the Trustee, and in the absence of such Written Notice so delivered the Trustee may conclusively assume there is no Default or Event of Default as aforesaid.

Section 12.5 Not Responsible for Recitals. The recitals contained herein and in the Bonds, except the certificate of authentication on the Bonds, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Issuer thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Indenture or of the Bonds.

Section 12.6 May Hold Bonds. The Trustee in its individual or any other capacity may become the Owner or pledgee of the Bonds and may otherwise deal with the Issuer and the Borrower with the same rights it would have if it were not Trustee.

Section 12.7 Money Held in Trust. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise provided in Article IX hereof.

Section 12.8 Compensation and Reimbursement. Under the Loan Agreement, the Borrower has agreed to, except as otherwise expressly provided herein, reimburse the Trustee as provided in this Indenture or the Loan Agreement, upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable fees, expenses and disbursements of its agents and

counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's negligence or willful misconduct, both as finally adjudicated by a court of law.

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

(a) The Issuer has no obligation to pay the Trustee for services rendered except from moneys on deposit in the Expense Fund.

(b) As security for the performance of the obligations of the Borrower under this Section and for the payment of such compensation, expenses, reimbursements and indemnity, the Trustee shall have the right to use and apply any moneys held by it as part of the Trust Estate, subject to the provisions of Section 11.4 hereof.

Section 12.9 Trustee Required; Eligibility. Any successor Trustee shall at all times be a trust company, a state banking corporation or a national banking association with the authority to accept trusts in the State and either (a) have a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition, (b) be a wholly-owned subsidiary of a bank holding company, or a wholly-owned subsidiary of a company that is a wholly-owned subsidiary of a bank holding company, having a combined capital surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition, have at least \$500,000,000 of trust assets under management and have a combined capital surplus of at least \$2,000,000 as set forth in its most recent published annual report of condition, or (c) is otherwise acceptable to the Bondholder Representative in its sole and absolute discretion.

Section 12.10 Resignation and Removal; Appointment of Successor. (a) No resignation or removal of the Trustee hereunder and no appointment of a successor Trustee pursuant to this Article shall become effective until the written acceptance by the successor Trustee of such appointment.

(b) The Trustee may resign at any time by giving 30 days' Written Notice thereof to the Issuer, the Borrower and the Bondholder Representative. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within thirty (30) days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time with 30 days' notice by the Issuer, the Borrower, with the written consent of the Bondholder Representative and the Issuer, or the Bondholder Representative by Written Notice delivered to the Trustee, the Issuer, the Borrower, the Bondholder Representative.

(d) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Trustee for any cause, the Issuer shall promptly appoint a successor Trustee, with the consent of the Bondholder Representative (which consent shall be deemed given if the Bondholder Representative does not respond within fifteen (15) Business

Days to a request for such consent). In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee may similarly appoint a successor to fill such vacancy until a new Trustee shall be so appointed by the Issuer. If, within 60 days after such resignation, removal or incapability or the occurrence of such vacancy, the Issuer has failed to so appoint a successor Trustee, then a successor Trustee shall be appointed by the Bondholder Representative with Written Notice thereof delivered to the Issuer, the Borrower and the retiring Trustee, and the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by such receiver or trustee. If no successor Trustee shall have been appointed by the Issuer or the Bondholder Representative and accepted appointment in the manner hereinafter provided, any Bondholder or retiring Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(e) The retiring Trustee shall cause Written Notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to be mailed by first-class mail, postage prepaid, to the Bondholders as their names and addresses appear in the Bond Register. Each notice shall include the name of the successor Trustee and the address of the Office of the successor Trustee.

Section 12.11 Acceptance of Appointment by Successor. (a) Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee; notwithstanding the foregoing, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

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

Section 12.12 Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case the Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such

authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated the Bonds.

Section 12.13 Requirements for Bondholder Consent and Instruction to the Trustee. Notwithstanding anything to the contrary contained herein or in any of the other Bond Documents, except the provisions of Article XV hereof regarding the consent or approval of all Bondholders to any supplement or amendment to this Indenture, the Loan Agreement, the Note or to any of the other Bond Documents, the following provisions shall govern and control with respect to any consents, determinations, elections, approvals, waivers, acceptances, satisfactions or expression of opinion of or the taking of any discretionary act or the giving of any instructions or the taking of actions by the Bondholder Representative or the Bondholders hereunder or under any of the other Bond Documents.

(a) The Issuer and the Trustee acknowledge that concurrently with the issuance of the Bonds, the Bond Purchaser has designated Citicorp Municipal Mortgage Inc. as the Bondholder Representative. The Majority of Holders may designate a successor Bondholder Representative in a certificate substantially in the form attached hereto as Exhibit C and delivered to the Trustee and the Borrower. The Bondholder Representative shall have the authority to bind the Bondholders for all purposes hereunder and under each of the other Bond Documents, including, without limitation, for purposes of exercising the rights of the Bondholder Representative under Section 15.5 hereof. The Trustee shall be entitled to rely upon the acts of any such Bondholder Representative as binding upon the Bondholder Representative and the Bondholders.

(b) Until the Trustee receives written notice signed by the Bondholder Representative that a new Bondholder Representative has been appointed by a Majority of Holders, the Bondholder Representative shall continue to act in such capacity and the Trustee shall continue to rely on the actions of such Bondholder Representative for all purposes hereunder and under each of the Bond Documents.

Section 12.14 Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any laws of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, the Loan Agreement or the Regulatory Agreement, and in particular in case of the enforcement of any of them on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein provided, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section are adopted to these ends.

The Trustee is hereby authorized to appoint an additional individual or institution as a separate or co-trustee hereunder, upon Written Notice to the Issuer and the Borrower and with the consent of the Issuer, the Bondholder Representative, if any, but without the necessity of further authorization or consent, in which event each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture, the Regulatory Agreement or the Loan Agreement to be exercised by or vested in or

conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

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

Section 12.15 Loan Servicing. The Issuer and the Trustee acknowledge that the Bondholder Representative shall have the right to appoint the Servicer to service and administer the Loan as set forth in the Servicing Agreement. The Issuer and the Trustee shall not be responsible for monitoring the performance of the Servicer or for any acts or omissions of the Servicer. The Bondholder Representative may, in its sole discretion, terminate or replace the Servicer.

Section 12.16 Requests from Rating Agency. If the Bonds are at any time rated by a Rating Agency, the Trustee shall promptly, during such time, respond in writing, or in such other manner as may be reasonably requested, to requests from the Rating Agency for information deemed necessary by the Rating Agency in order to maintain the rating assigned thereby to the Bonds. The Trustee shall promptly furnish any such requested information in its possession to the Rating Agency. During any period the Bonds are rated by a nationally recognized rating agency, the Trustee shall provide to any such rating agency with written notice upon the occurrence of: (i) the resignation or removal of the Trustee; (ii) acceptance of appointment as successor trustee hereunder; (iii) the redemption or mandatory tender and purchase of all Bonds; (iv) a material change in the Indenture or the Loan Agreement; and (vii) any declaration by the Trustee of an acceleration of the payment of the principal of and interest on the Bonds pursuant to this Indenture. The Trustee shall also notify any Rating Agency of any material changes to any of the documents to which the Trustee is a party, upon its receipt of written notification of any such changes.

Section 12.17 No Recourse Against Officers or Employees of Trustee. No recourse with respect to any claim related to any obligation, duty or agreement contained in this Indenture or any other Bond Document shall be had against any officer or employee, as such, of the Trustee, it being expressly understood that the obligations, duties and agreements of the Trustee contained in this Indenture and the other Bond Documents are solely corporate in nature.

ARTICLE XIII

SUPPLEMENTAL INDENTURES; AMENDMENT OF LOAN AGREEMENT AND BOND DOCUMENTS

Section 13.1 Supplemental Trust Indentures without Bondholders Consent. The Issuer and the Trustee from time to time may enter into a Supplemental Indenture, without the consent of any Bondholders, but with the consent of the Bondholder Representative and the Borrower (to the extent such Supplemental Indenture materially affects the rights, duties, obligations or other interests of the Borrower and provided that if the Borrower is in default under the Bond Documents or the documents relating to the Loan, no Borrower consent shall be required unless such Supplemental Indenture has a material adverse affect on the rights, duties, obligations or other interests of the Borrower) as are necessary or desirable to:

(a) cure any ambiguity or formal defect or omission or correct or supplement any provision herein that may be inconsistent with any other provision herein;

(b) grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee;

(c) amend any of the provisions of this Indenture to the extent required to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes;

(d) add to the covenants and agreements of the Issuer in this Indenture other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power herein reserved to or conferred upon the Issuer;

(e) make any change herein that is required by any Rating Agency in order to obtain a rating by such Rating Agency on the Bonds;

(f) amend, alter, modify or supplement this Indenture in a manner necessary or desirable in connection with either the use or maintenance of the Book-Entry System for the Bonds, or the issuance of certificated Bonds following the termination of the Book-Entry System for the Bonds; or

(g) make any other change, which is not materially adverse to the interests of the Bondholders.

The Trustee will provide the Borrower with at least ten Business Days Written Notice of any proposed Supplemental Indenture. Immediately after the execution of any Supplemental Indenture for any of the purposes of this Section, the Trustee shall cause a notice of the proposed execution of such Supplemental Indenture to be mailed, postage prepaid, to the Bondholders. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the designated office of the Trustee for inspection by Bondholders. A failure on the part of the Trustee to mail the notice required by this Section shall not affect the validity of such Supplemental Indenture.

Section 13.2 Supplemental Trust Indentures with Bondholders' Consent. Except as otherwise provided in Section 13.1 hereof, subject to the terms and provisions contained in this Section and Section 13.3 hereof, the Bondholder Representative shall have the right, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee, of each Supplemental Indenture as shall be deemed necessary or desirable by the Issuer, the Borrower or the Bondholder Representative for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any Supplemental Indenture; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of the Bondholders of all of the Bonds affected by such Supplemental Indenture, (a) an extension in the payment of any Bond Obligation with respect to any Bond issued hereunder, or (b) a reduction in any Bond Obligation payable under or with respect to any Bond, or the rate of interest on any Bond, or (c) the creation of a lien upon or pledge of the money or other assets pledged to the payment of the Bonds hereunder, or the release of any such assets from the lien of this Indenture, or (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental trust indenture or to any amendment, change or modification to the Bond Documents as provided in this Article XIII, or (f) an extension or reduction in the payment of any other amount payable on or in connection with any Bond issued hereunder. Nothing herein contained, however, shall be construed as making necessary the approval of Bondholders (other than the Bondholder Representative) of the execution of any supplemental trust indenture authorized in Section 13.1 hereof.

If at any time the Issuer or the Borrower shall request the Trustee to enter into a Supplemental Indenture for any of the purposes of this Section, the Trustee shall, at the expense of the Borrower, cause notice of the proposed execution of such supplemental trust indenture to be mailed, postage prepaid, to the Bondholders. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the designated office of the Trustee for inspection by Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholders by reason of its failure to mail the notice required by this Section 13.2, and any such failure shall not affect the validity of such Supplemental Indenture when consented to and approved as provided in this Section.

Whenever, at any time within one year after the date of mailing of such notice, the Issuer delivers to the Trustee an instrument or instruments in writing purporting to be executed by the Bondholder Representative which instrument or instruments shall refer to the proposed supplemental trust indenture described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon but not otherwise, the Trustee may, subject to the provisions of the first paragraph of this Section 13.2, execute such Supplemental Indenture in substantially such form.

Subject to the provisions of the first paragraph of this Section 13.2, if, at the time of the execution of such supplemental trust indenture, the Bondholder Representative shall have consented to and approved the execution thereof as herein provided, no Bondholder shall have any right to object to the execution of such supplemental trust indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question

the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

Section 13.3 Supplemental Indentures Part of Indenture. Any Supplemental Indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture, and all of the terms and conditions contained in any such Supplemental Indenture as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes. 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 Trustee and Bondholders shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments. Express reference to any Supplemental Indenture may be made in the text of any Bonds authenticated after the execution of such supplemental trust indenture, if deemed necessary or desirable by the Trustee.

Section 13.4 Discretion of Trustee to Execute Supplemental Indenture. Except in the case of a direction from the Bondholder Representative (unless the Trustee determines, in its reasonable discretion, that such Supplemental Indenture increases its duties or adversely affects its indemnities), the Trustee shall not be under any responsibility or liability to the Issuer or to any Bondholder or to anyone whomsoever for its refusal in good faith to enter into any Supplemental Indenture if such Supplemental Indenture is deemed by it to be contrary to the provisions of this Article or if the Trustee has received a written Opinion of Counsel that such Supplemental Indenture is contrary to law or materially adverse to the rights of the Bondholders.

Section 13.5 Consents and Opinions. Subject to Section 13.1, any Supplemental Indenture entered into under this Article XIII shall not become effective unless and until the Borrower and the Bondholder Representative shall have approved the same in writing, each in its sole discretion.

No Supplemental Indenture shall be effective until the Issuer, the Borrower, the Trustee, and the Bondholder Representative shall have received a Favorable Opinion of Counsel. The Trustee and the Issuer shall be entitled to receive, at the expense of the Borrower, or, if such amendment is requested by the Bondholder Representative, at the expense of the Bondholder Representative, an Opinion of Counsel to the effect that any such proposed Supplemental Indenture is authorized and complies with the provisions of this Indenture.

Section 13.6 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 may bear a notation, in form approved by the Trustee 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 Trustee and the Issuer, to any modification of this Indenture contained in any such Supplemental Indenture, may be prepared by the Issuer, at the expense of the Borrower, or, if such amendment is requested by the Bondholder Representative, at the expense of the Bondholder Representative, authenticated by the Trustee and delivered without cost to the Bondholders of the Bonds then Outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

Section 13.7 Amendments to Loan Agreement and Bond Documents Not Requiring Consent of Bondholders. The Issuer shall not consent to any amendment, change or modification of the Loan Agreement or any other Bond Document (other than the Indenture) without the prior written consent of the Trustee, the Borrower and the Bondholder Representative. The Issuer, the Bondholder Representative and the Trustee may, without the consent of or notice to the Bondholders, but only with the consent of the Borrower and the Swap Provider, consent to any amendment, change or modification of any of the above-mentioned documents as are necessary or desirable to:

- (a) cure any ambiguity or formal defect or omission, correct or supplement any provision therein;
- (b) grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee;
- (c) amend any of the provisions therein to the extent required to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes;
- (d) add to the covenants and agreements of the Issuer therein other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power therein reserved to or conferred upon the Issuer;
- (e) make any change that is required by any Rating Agency in order to obtain or maintain a rating by such Rating Agency on the Bonds;
- (f) amend, alter, modify or supplement such document in a manner required in connection with either the use or maintenance of the Book Entry System for the Bonds, or the issuance of certificated Bonds following the termination of the Book Entry System for the Bonds; or
- (g) make any other change, which is not materially adverse to the interests of the Bondholders of the Bonds.

Section 13.8 Amendments to Loan Agreement and Bond Documents Requiring Consent of Bondholders. Except for the amendments, changes or modifications corresponding to those provided in Section 13.7 hereof, neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of the Loan Agreement or the other Bond Documents (other than the Indenture) without the consent of the Bondholder Representative; provided, however, that nothing herein shall permit or be construed as permitting, without the consent of the Bondholders of all of the Bonds, (a) an extension of the time of payment of any amounts payable under the Note, the Loan Agreement or the Bonds, or (b) a reduction in the amount of any payment to be made with respect to the Note, the Loan Agreement, or the Bonds, or the rate of interest on the Note or any Bond, or (c) the creation of a lien upon or pledge of the money or other assets pledged to the payment of the Note, Loan Agreement or the Bonds hereunder, or the release of any such assets from the lien of this Indenture, or (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to any such amendment, change or modification as

provided herein, or (f) an extension or reduction in the payment of any other amount payable on or in connection with the Note, the Loan Agreement or any Bond issued hereunder. If at any time the Issuer or the Borrower requests consent to any such proposed amendment, change or modification of any of such documents, other than an amendment, change, or modification permitted by Section 13.7 hereof, the Trustee shall, at the expense of the Borrower, cause notice of such proposed amendment, change or modification to be mailed, postage prepaid, to Bondholders. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the amendment to such document embodying the same are on file at the designated office of the Trustee for inspection by Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholders by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such supplement or amendment to such document when consented to and approved as provided in this Section.

Whenever, at any time within one year after the date of mailing such notice, the Issuer delivers to the Trustee an instrument or instruments in writing purporting to be executed by the Bondholder Representative which instrument or instruments shall refer to the proposed amendment or supplement to the document described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon but not otherwise, the Issuer and/or the Trustee may execute such amendment in substantially the form on file as provided above, without liability or responsibility to any Bondholder of any Bond, whether or not such Bondholder has consented thereto.

Section 13.9 Consents and Opinions. Subject to Section 13.1, any amendment, change or modification otherwise permitted under this Article XIII shall not become effective unless and until the Borrower and the Bondholder Representative shall have approved the same in writing, each in its sole discretion.

The Trustee shall not be under any responsibility or liability to the Issuer or to any Bondholder or to anyone whomsoever for its refusal in good faith to enter into any supplement or amendment as provided in this Section if such supplement or amendment is deemed by it to be contrary to the provisions of this Article or if the Trustee has received a written Opinion of Counsel that such supplement or amendment is contrary to law or materially adverse to the rights of the Bondholders of the Bonds or the liabilities or indemnities of the Trustee.

No such supplement or amendment shall be effective until the Issuer and the Trustee shall have received an Opinion of Counsel to the effect that any such proposed supplement or amendment complies with the provisions of this Indenture, and any other opinion that may be required by the Bondholder Representative.

ARTICLE XIV

DEFEASANCE

Section 14.1 Satisfaction and Discharge of Indenture. Whenever all Bond Obligations have been fully paid and the Bonds are no longer Outstanding, and all fees, costs and expenses due and payable hereunder and under the other Bond Documents have been paid in full, then (a) this Indenture and the lien, rights and interests created hereby shall cease, determine and become null and void (except as to any surviving rights of transfer or exchange of the Bonds herein or therein provided for) and (b) the Trustee shall execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer and deliver to the Borrower or upon the order of the Borrower, all cash and securities then held by it hereunder as a part of the Trust Estate.

Section 14.2 Trust for Payment of Debt Service. (a) The Issuer shall, at the direction of the Borrower, on any date provide for the payment of any of the Bonds by establishing an escrow for such purpose with the Trustee and depositing therein cash and/or Government Obligations which (assuming the due and punctual payment of the principal of and interest on such Government Obligations, but without reinvestment) will provide funds sufficient to pay the principal, premium, if any, and interest on the Bonds at the Maximum Rate as the same become due and payable until the maturity or redemption of the Bonds; provided, however, that

(i) such Government Obligations must not be subject to redemption prior to their respective maturities at the option of the issuer of such Government Obligations,

(ii) if the Bonds are to be redeemed prior to their maturity, either (i) the Trustee shall receive evidence that irrevocable written notice of such redemption has been given in accordance with the provisions of this Indenture and the Bonds or (ii) the Issuer shall confer on the Trustee irrevocable written authority for the giving of such notice on behalf of the Issuer,

(iii) prior to the establishment of such escrow the Issuer, the Trustee and the Bondholder Representative must receive (1) an Opinion of Counsel stating in effect that upon the occurrence of an Act of Bankruptcy of the Borrower, its General Partner or any Guarantor, money and investments in such escrow will not be recoverable from the Trustee or the Bondholders under provisions of the Bankruptcy Code relating to voidable preferences and (2) an Favorable Opinion of Counsel, and

(iv) except in the case of a gross-funded cash defeasance, prior to the establishment of such escrow, the Trustee must receive a report by an independent certified public accountant stating in effect that the principal and interest payments on the Government Obligations in such escrow, without reinvestment, together with the cash initially deposited therein, will be sufficient to make the required payments from such trust.

(b) Cash and/or Government Obligations deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate, irrevocable trust

fund for the benefit of the Bondholders to be paid from such fund. Such cash and the principal and interest payable on such Government Obligations shall be applied by the Trustee solely to the payment of Bond principal, premium, if any, and interest on the Bonds.

(c) The obligations hereunder relating to paying agent, registrar and transfer agent functions and the provisions of Section 8.8 and Article XII shall survive defeasance.

ARTICLE XV

MISCELLANEOUS

Section 15.1 Notices. (a) All notices, demands, requests and other communications required or permitted to be given by any provision of this Indenture shall be in writing and sent by first class, regular, registered or certified mail, commercial delivery service, overnight courier, telegraph, telex, telecopier or facsimile transmission, air or other courier, or hand delivery to the party to be notified addressed as follows:

If to the Issuer: County of Contra Costa, California
County Administrative Building
651 Pine Street, 4th Floor, North Wing
Martinez, CA 94553-0095
Attention: Deputy Director—Redevelopment
Telephone: (925) 335-1255
Facsimile: (925) 335-1265

To the Trustee or Tender Agent: Wells Fargo Bank, National Association
333 Market Street, 18th Floor
MAC A0119-181
San Francisco, CA 94105
Attn: Corporate Trust Services
Telephone: 415-371-3361
Fax: 415-371-3400

If to the Borrower: Willow Partners, L.P.
c/o KDF Communities LLC
660 Newport Center Dr., Suite 930
Newport Beach, CA 92660
Attention: Chief Financial Officer
Telephone: (949) 719-1888
Facsimile: (949) 719-1987

with copy to (which copy shall not constitute notice to Borrower): Bret H. Reed, Jr., A Law Corporation
621 Acacia Avenue
Corona Del Mar, CA 92625
Attention: Bret H. Reed, Jr.
Telephone: 949-955-9150
Facsimile: 949-566-0090

with copy to Equity Investor: c/o JER Hudson Housing Capital LLC
630 Fifth Avenue, 23rd Floor
New York, NY 10111
Attention: President
Fax No. 212-526-6074

with copy to:

Peabody & Brown
1255 23rd Street, NW
Washington, DC 20037
Attention: Sarah A. Stone
Fax No. 202-973-7750

If to the Bondholder
Representative:

Citicorp Municipal Mortgage Inc.
Middle Office
390 Greenwich Street, 2nd Floor
New York, NY 10013
Attention: Desk Head
Telephone: (212) 723-5594
Facsimile: (212) 723-8939
Loan/Transaction/ File # AHD 00561

If to the Servicer:

Citicorp Funding Inc.
c/o Capmark Finance Inc.
116 Welsh Road
P.O. Box 809
Horsham, PA 19044
Attention: Servicing-Account Manager
Telephone: (215) 328-3866
Facsimile: (215) 328-3478
Loan/Transaction/ File # AHD 00561

With a copy to:

Citicorp Funding Inc.
Municipal Securities Division
325 East Hillcrest Drive, Suite 160
Thousand Oaks, CA 91360
Attention: Mortgage Servicing
Telephone: (805) 557-0930 Ext. 222
Facsimile: (805) 557-0924
Loan/Transaction/ File # AHD 00561

If to the Swap
Counterparty:

Citigroup Financial Products Inc.
390 Greenwich Street
New York, NY 10013
Attention: Director, Derivatives Operations
Facsimile: (212) 723-8642

Any such notice, demand, request or communication shall be deemed to have been given and received for all purposes under this Indenture: (i) three (3) Business Days after the same is deposited in any official depository or receptacle of the United States Postal Service first class, or, if applicable, certified mail, return receipt requested, postage prepaid; (ii) on the date of transmission when delivered by telecopier or facsimile transmission, telex, telegraph or other

telecommunication device, provided any telecopy or other electronic transmission received by any party after 4:00 p.m., local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day; (iii) on the next Business Day after the same is deposited with a nationally recognized overnight delivery service that guarantees overnight delivery; and (iv) on the date of actual delivery to such party by any other means; provided, however, if the day such notice, demand, request or communication shall be deemed to have been given and received as aforesaid is not a Business Day, such notice, demand, request or communication shall be deemed to have been given and received on the next Business Day; and provided further, that notices to the Trustee shall not be deemed to be given until actually received by the Trustee. Any facsimile signature by a Person on a document, notice, demand, request or communication required or permitted by this Indenture shall constitute a legal, valid and binding execution thereof by such Person.

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

(b) Where this Indenture provides for giving of notice to the Trustee, such notice shall also be given to the Bondholder Representative and the Servicer. Failure to provide any such duplicate notice pursuant to the foregoing sentence, or any defect in any such duplicate notice so provided, shall not be treated as a failure to give the primary notice or affect the validity thereof or the effectiveness of any action taken pursuant thereto.

Section 15.2 Notice to Bondholders; Waiver. (a) Where this Indenture provides for giving of notice to the Bondholders of any event, such notice must (unless otherwise herein expressly provided) be in writing and mailed, first-class postage prepaid, to the Bondholders, at the addresses of the Bondholders as they appear in the Bond Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice.

(b) Where this Indenture provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Bondholders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 15.3 Successors and Assigns. All covenants and agreements in this Indenture by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 15.4 Benefits of Indenture. Nothing in this Indenture or in the Bonds, expressed or implied, shall give to any person, other than the parties hereto and their successors hereunder, the Bondholders or the Borrower, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 15.5 Bondholder Representative; Trustee's and Servicer's Consents. (a) The entity designated in Section 12.13(a) hereto shall be the initial Bondholder Representative. The Bondholder Representative may provide written notice to the Trustee designating particular individuals authorized to execute any consent, waiver, approval, direction or other instrument on

behalf of the Bondholder Representative and such notice may be amended or rescinded by the Bondholder Representative at any time. The Bondholder Representative may be removed and a successor appointed by a Written Notice given by a Majority of Holders to the Trustee and the Borrower, substantially in the form of Exhibit C hereto. The removal and reappointment shall be effective immediately upon receipt of such notice by the Trustee. A Majority of Holders may appoint any Person to act as Bondholder Representative, including, without limitation, the Servicer.

(b) In the event that for any reason, no Bondholder Representative shall then be appointed, all references to Bondholder Representative herein and in the Bond Documents shall be deemed to refer to a Majority of Holders.

(c) Whenever pursuant to this Indenture or any other Bond Document, the Bondholder Representative exercises any right given to it to approve or disapprove, or any arrangement or term is to be satisfactory to Bondholder Representative, the decision of the Bondholder Representative to approve or disapprove or to decide whether arrangements or terms are satisfactory or not satisfactory shall (except as is otherwise specifically herein or therein provided) be in the sole discretion of Bondholder Representative and shall be final and conclusive.

Whenever this Indenture or the Bond Documents require the consent, determination, election, approval, waiver, acceptance, satisfaction or expression of opinion of, or the taking of any discretionary act by, the Trustee or the Servicer (all of the foregoing being referred to as "Consent" in this Section 15.5), (i) the right, power, privilege and option of the Trustee to withhold or grant its Consent shall be deemed to be the right, power, privilege and option of the Bondholder Representative to withhold or grant such Consent, and the Trustee shall have no responsibility for any action or inaction with respect thereto, except as may be otherwise set forth in this Indenture, and (ii) the right, power, privilege and options of the Servicer to withhold or grant its Consent may, in the Bondholder Representative's discretion with respect to any individual Consent, be deemed to be the right, power, privilege and option of the Bondholder Representative to withhold or grant such Consent and, in such event, the Servicer shall have no responsibility for any action or inaction with respect thereto, except as may be otherwise set forth in this Indenture.

Section 15.6 Proof of Execution of Writings and Ownership. Any instrument provided in this Indenture to be signed or executed by the Registered Owners of all or any portion of the Bonds may be in any number of writings of similar tenor and may be signed or executed by such Registered Owners in person or by their duly authorized representatives. Proof of the execution of any such instrument, or of the writing appointing any such agent, or of the ownership of any Bonds, shall be sufficient for any of the purposes of this Indenture and shall be conclusive in favor of the Issuer and the Trustee with respect to any actions taken by either under such instruments if:

(a) the fact and date of the execution by any person of any such instrument is proved by (i) a certificate of any officer of any jurisdiction who by law has power to take acknowledgments of deeds within such jurisdiction, to the effect that the person signing such

instrument acknowledged before him the execution thereof, or (ii) an affidavit of a witness of such execution; and

(b) the ownership of any Bonds is proved by the registration books kept by the Bond Registrar.

Section 15.7 Legal Holidays. In any case in which the date of payment of any Bond Obligation or the date on which any other act is to be performed pursuant to this Indenture shall be a day that is not a Business Day, then payment of such Bond Obligation or such act need not be made on such date but may be made on the next succeeding Business Day, and such later payment or such act shall have the same force and effect as if made on the date of payment or the date fixed for redemption or the date fixed for such act, and no additional interest shall accrue for the period after such date and prior to the date of payment.

Section 15.8 Governing Law. This Indenture shall be governed by and shall be enforceable in accordance with the laws of the State.

Section 15.9 Severability. If any provision of this Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired. In case any covenant, stipulation, obligation or agreement contained in the Bonds or in this Indenture shall for any reason be held to be usurious or in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Issuer or the Trustee only to the full extent permitted by law.

Section 15.10 Execution in Several Counterparts. This Indenture may be contemporaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

Section 15.11 Nonrecourse Obligation of the Borrower. Except as otherwise provided in the Loan Agreement, the obligations of the Borrower under this Indenture are without recourse to the Borrower or to the Borrower's partners, and the provisions of Section 11.1 of the Loan Agreement are by this reference incorporated herein.

Section 15.12 Conditions to Effectiveness; Effective Date. Upon execution, this Indenture shall be deposited into escrow pursuant to that certain Master Escrow Agreement, dated November 7, 2007, by and among the Borrower, the Issuer, the Trustee, Citicorp Municipal Mortgage Inc., Orrick, Herrington & Sutcliffe LLP, and any other parties thereto, and shall not become effective except upon satisfaction of the Escrow Release Conditions (as defined therein), which release may not under any circumstances occur before June 1, 2009.

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Trust Indenture to be duly executed as of the date first written above.

**COUNTY OF CONTRA COSTA, CALIFORNIA,
as Issuer**

By: _____
Deputy Director—Redevelopment

**WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee**

By: _____
Authorized Officer

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Trust Indenture to be duly executed as of the date first written above.

**COUNTY OF CONTRA COSTA, CALIFORNIA,
as Issuer**

By: _____
Deputy Director—Redevelopment

**WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee**

By: *Ramon M. DeMora*
Authorized Officer

EXHIBIT A
FORM OF BOND

THE TRUSTEE IS PROHIBITED FROM REGISTERING THE OWNERSHIP OR TRANSFER OF OWNERSHIP OF THIS BOND TO ANY PERSON WITHOUT RECEIPT OF AN EXECUTED INVESTOR LETTER AS DEFINED IN AND ATTACHED TO THE INDENTURE DESCRIBED HEREIN.

\$5,310,000
COUNTY OF CONTRA COSTA, CALIFORNIA
MULTIFAMILY HOUSING REVENUE REFUNDING BONDS
(WILLOW PASS APARTMENTS)
SERIES 2009A

No. R-1 \$5,310,000

DATED DATE: MATURITY DATE: CUSIP NO.:

[CLOSING DATE] [MATURITY DATE] _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The County of Contra Costa, California (the "Issuer"), a political subdivision of the State of California (the "Issuer"), for value received, hereby promises to pay (but only out of the revenues and other assets pledged under the Indenture (hereinafter defined)) to the Registered Owner specified above or registered assigns (subject to any right of prior redemption or tender), on the Maturity Date specified above, the Principal Amount specified above, and to pay interest thereon, at the Bond Coupon Rate (as defined below), payable on the first Thursday of each month, commencing July 2, 2009, to the person whose name appears on the registration books as of the day next preceding any Bond Payment Date (a "Record Date") and to pay any other amounts as specified in the Indenture (hereinafter defined); provided however, that if the first calendar day of each month is not also a Business Day, then payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if such payment was made on originally scheduled payment date. All capitalized terms not otherwise defined in this Bond shall have the meaning ascribed thereto in the Indenture (as hereinafter defined).

Principal of, and premium, if any, on this Bond are payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of Wells Fargo Bank, National Association, as trustee (the "Trustee" and "Bond Registrar"), or its successor.

Interest on this Bond shall be computed on the basis of a 365- or 366-day year, as applicable, for the actual number of days elapsed for each Bond Coupon Rate Period. The amount of interest payable on the Bonds on each Bond Payment Date shall be the amount of interest accrued thereon from the preceding Bond Payment Date (or such other date as described in Section 4.1(d) of the Indenture) to, but not including, the Bond Payment Date on which interest is being paid. Interest on this Bond shall be payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of the Trustee or its successor.

If a Bondholder so elects, any payment due to such Bondholder shall be made by wire transfer of federal reserve funds to any account in the United States of America designated by such Bondholder if such Bondholder, at its expense, (a) so directs by written notice delivered to the Trustee at least ten (10) Business Days before the date upon which such wire transfer or other arrangement is to be made and (b) otherwise complies with the reasonable requirements of the Trustee.

“Bond Coupon Rate” shall mean the USD-SIFMA Municipal Swap Index, plus 0.80%, applied on the basis of the actual number of days in the period in respect of which payment is being made divided by 365 (or, if any portion of that period falls in a leap year, the sum of (A) the actual number of days in that portion of the period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the period falling in a non-leap year divided by 365).

This Bond is one of an issue of duly authorized County of Contra Costa, California Multifamily Housing Revenue Refunding Bonds (Willow Pass Apartments) Series 2009A issued in the aggregate principal amount of \$5,310,000 (the “Bonds”), pursuant to the provisions of the laws of the State, particularly Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as amended, and a resolution duly adopted by the Issuer. The Bonds are issued under and are equally and ratably secured by a Trust Indenture, dated as of June 1, 2009 (the “Indenture”), as amended and supplemented, between the Issuer and the Trustee. In the event of any conflict or inconsistency between the terms of this Bond and the terms of the Indenture, the terms of the Indenture shall prevail.

The proceeds from the Bonds are to be used for the purpose of making a mortgage loan pursuant to a Loan Agreement, dated as of the date of the Indenture (the “Loan Agreement”), between the Issuer and Willow Partners, L.P., a California limited partnership (the “Borrower”), to finance the acquisition and rehabilitation of a multifamily residential facility (the “Project”). The Borrower’s payment obligations under the Loan Agreement will be evidenced by one or more promissory notes (the “Note”). The Note will be secured by the Mortgage.

Reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the property pledged and assigned to the Trustee and of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer and the Trustee, the terms on which the Bonds are issued and secured, the manner in which interest is computed on this Bond, mandatory and optional tender rights and provisions, mandatory and optional redemption rights and tender provisions, acceleration, the rights of the Bondholders and the provisions for defeasance of such rights.

This Bond is subject to optional and mandatory redemption in whole or in part, on the dates, under the terms and conditions and at the redemption prices set forth in the Indenture, all of the provisions of which are, by this reference, incorporated into this Bond. Notice of redemption shall be given in the manner set forth in the Indenture.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED HEREUNDER. NONE OF THE ISSUER, THE STATE OF CALIFORNIA (THE "STATE"), OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH HEREIN NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH HEREIN, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE BONDS ARE ISSUED UNDER THE ACT.

The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

By its purchase of this Bond, the registered owner hereof agrees to the appointment of the Bondholder Representative as provided in the Indenture and authorizes the Bondholder Representative to exercise such rights and remedies afforded to the Bondholder Representative on behalf of the Bondholder as provided in the Bond Documents.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

This Bond may be exchanged, and its transfer may be effected, only by the registered owner hereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture, including, without limitation, the delivery of an Investor Letter to the extent required under the Indenture. Upon exchange or registration of such transfer a new registered bond or bonds of the same series, maturity and interest rate and of Authorized Denomination or Authorized Denominations for the same aggregate principal amount will be issued in exchange therefor.

The Issuer and the Trustee may deem and treat the person in whose name this Bond shall be registered on the bond register, as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

All acts, conditions and things required by the laws of the Issuer to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law.

Neither the directors, members, officers, agents, employees or representatives of the Issuer nor any person executing the Bonds shall be personally liable hereon or be subject to any personal liability by reason of the issuance hereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Indenture and the issuance of the Bonds.

This Bond shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until the Bond Registrar shall have executed the Certificate of Authentication appearing hereon.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Bond is duly authorized by law; that all acts, conditions and things required to exist and to be done precedent to and in the issuance of this bond to render the same lawful and valid have been properly done and performed and have happened in regular and due time, form and manner as required by law; and that all acts, conditions and things necessary to be done or performed by the Issuer or to have happened precedent to or in the execution and delivery of the Indenture have been done and performed and have happened in regular and due form as required by law.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be duly executed in its name by the manual or facsimile signature of the Chair of the Board of Supervisors and attested by the manual or facsimile signature of the County Administrator and Clerk of the Board of Supervisors all as of the date hereof.

COUNTY OF CONTRA COSTA, CALIFORNIA,

By: _____
Chair of the Board of Supervisors

Attest:

By: _____
County Administrator and Clerk of the
Board of Supervisors

CERTIFICATE OF AUTHENTICATION

This is to certify that this Bond is one of the Bonds referred to in the within mentioned Indenture.

Date of Authentication: _____, 20__

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee,

By: _____
Authorized Signatory

ASSIGNMENT FOR TRANSFER

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.

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
[RESERVED]

EXHIBIT C

**FORM OF NOTICE OF APPOINTMENT OF
BONDHOLDER REPRESENTATIVE**

Wells Fargo Bank, N.A.
333 Market Street, 18th Floor
San Francisco, CA 4105
Attn: Corporate Trust Services

Willow Partners, L.P.

Re: \$5,310,000 County of Contra Costa, California Multifamily Housing Revenue Refunding Bonds (Willow Pass Apartments) Series 2009A

Ladies and Gentlemen:

The undersigned are a Majority of Holders of the above-referenced bonds (the "Bonds"), as such term is defined in the Trust Indenture, dated as of June 1, 2009 (the "Indenture"), between the County of Contra Costa, California (the "Issuer") and Wells Fargo Bank, National Association, as trustee (the "Trustee"). Pursuant to Section 12.13(a) of the Indenture you are hereby notified that effectively immediately upon receipt of this notice by the Trustee, the Bondholder Representative (as defined in the Indenture) appointed under Section 12.13(a) of the Indenture shall be [insert successor Bondholder Representative]. The person or entity previously appointed as Bondholder Representative shall, upon the effectiveness of this notice, no longer have any further rights or obligations as Bondholder Representative.

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

NAME

SIGNATURE

Additional individuals may be given such authority by written notice to you from the Bondholder Representative or from a Majority of Holders.

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

BONDHOLDER(S)

By: _____
Authorized Signatory

EXHIBIT D-1

**FORM OF WRITTEN REQUISITION
OF THE BORROWER**

To: Wells Fargo Bank, National Association, as trustee (the "Trustee") under that certain Trust Indenture, dated as of June 1, 2009 (the "Indenture"), between the Trustee and the County of Contra Costa, California.

1. You are requested to disburse funds from the Loan Fund pursuant to Section 8.7 of the Indenture in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference. An invoice or other appropriate evidence of the obligations described on Schedule I is attached hereto.

2. The undersigned certifies that:

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

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

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

(iv) as of the date hereof no event or condition has happened or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an Event of Default under this Indenture or under the Loan Agreement or, to our knowledge, an Event of Default under the Indenture; and

(v) attached as Schedule I to this Requisition is an exhibit that allocates the amount requested hereby among the Bonds and funds provided to the Trustee from the Borrower.

[3. The undersigned has provided you with this Requisition an endorsement to the mortgagee title insurance policy delivered to the Trustee at closing increasing the affirmative mechanics and materialmen's lien coverage to an amount equal to the aggregate amount paid out of the Loan Fund including the amount to be paid under the requisitions then being submitted, together with any lien waivers or reports with respect to title to the Project required for the issuance of such endorsement.]

Dated:

WILLOW PARTNERS, L.P.,
a California limited partnership

By: AFFORDABLE HOUSING ACCESS, INC.,
a California nonprofit public benefit
corporation

Its: Managing General Partner

By: _____
Jonathan B. Webb

Its: President

By: WILLOW ASSETS LLC,
a California limited liability company

Its: Administrative General Partner

By: _____
Mark E. Hyatt

Its: Member

Approved by:

CITICORP MUNICIPAL MORTGAGE
INC., a Delaware statutory trust

By: Citicorp Capital Management LLC, a
Delaware limited liability company, as
Manager

By: _____
Kathy Millhouse

EXHIBIT D-2

**FORM OF WRITTEN REQUISITION
OF THE BORROWER – COSTS OF ISSUANCE FUND**

To: Wells Fargo Bank, National Association, as trustee (the "Trustee") under that certain Trust Indenture, dated as of June 1, 2009 (the "Indenture"), between the Trustee and the County of Contra Costa, California.

1. You are requested to disburse funds from the Costs of Issuance Fund pursuant to Section 8.6 of the Indenture in the amount(s), to the person(s) and for the purpose(s) set forth on Schedule I attached hereto and incorporated herein by reference. An invoice or other appropriate evidence of the obligations described on Schedule I is attached hereto.

2. The undersigned certifies that as of the date hereof no event or condition has happened or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an Event of Default under this Indenture or under the Loan Agreement or, to our knowledge, an Event of Default under the Indenture.

Dated:

WILLOW PARTNERS, L.P.,
a California limited partnership

By: AFFORDABLE HOUSING ACCESS, INC.,
a California nonprofit public benefit
corporation

Its: Managing General Partner

By: _____
Jonathan B. Webb

Its: President

By: WILLOW ASSETS LLC,
a California limited liability company

Its: Administrative General Partner

By: _____
Mark E. Hyatt

Its: Member

EXHIBIT E

FORM OF INVESTOR LETTER

County of Contra Costa, California
County Administrative Building
651 Pine Street, 4th Floor, North Wing
Martinez, CA 94553-0095
Attention: Deputy Director—Redevelopment

Wells Fargo Bank, National Association, as Trustee
333 Market Street, 18th Floor
San Francisco, CA 4105
Attn: Corporate Trust Services

Re: \$5,310,000 County of Contra Costa, California Multifamily Housing Revenue Refunding Bonds (Willow Pass Apartments) Series 2009A

Ladies and Gentlemen:

The undersigned (the “Investor”) hereby acknowledges receipt of the above-referenced bonds (the “Bonds”), dated [CLOSING DATE], in fully registered form and in the outstanding principal amount of \$5,310,000. The Bonds have been checked, inspected and approved by the Investor.

The undersigned acknowledges that the Bonds were issued for the purpose of making a loan to assist in the financing of the acquisition, rehabilitation and equipping of a multifamily housing project located in the County of Contra Costa, California (the “Project”) and that the loan is evidence by that certain Loan Agreement dated as of June 1, 2009 (the “Loan Agreement”), by and between the County of Contra Costa, California (the “Issuer”) and Willow Partners, L.P., a California limited partnership (the “Borrower”). The undersigned further acknowledges that the Bonds are secured by a Trust Indenture dated as of June 1, 2009 (the “Indenture”) between the Issuer and Wells Fargo Bank, National Association, as trustee, which creates a security interest in the Trust Estate (as defined in the Indenture) for the benefit of the owners of the Bonds.

In connection with the acquisition of the Bonds by the Investor, the Investor hereby makes the following representations upon which you may rely:

3. The Investor has authority to acquire the Bonds and to execute this Investor Letter and any other instruments and documents required to be executed by the Investor in connection with the acquisition of the Bonds.

4. The Investor is [an institutional “accredited investor” within the meaning of Sections 501(a)(1)-(3) of Regulation D promulgated under the Securities Act of 1933, as amended (the “Act”) or a “qualified institutional buyer” as defined under Rule 144A promulgated under the Act.][the trustee or trustor of a trust (a “Purchaser Trustee”) that issues:

(A) investment grade securities that are (i) registered pursuant to an effective registration statement under the Securities Act of 1933 (the "Act") or (ii) are sold in a transaction that is exempt from the registration requirements of the Act or (B) non-investment grade securities sold in transactions that are exempt from the registration requirements of the Act and are sold only to "qualified institutional buyers" as defined under Rule 144A promulgated under the Act or "accredited investors" as defined under Regulation D promulgated under the Act.]

5. The Investor understands that the Bonds are not registered under the Act and that such registration is not legally required as of the date hereof; and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating agency and (d) will be delivered in a form which may not be readily marketable.

6. The Investor understands that (a) the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the State of California or any political subdivision thereof and that the Issuer has no taxing power, (b) the Bonds do not and will not 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; and (c) the liability of the Issuer with respect to the Bonds is limited to the Trust Estate as set forth in the Indenture.

7. The Investor acknowledges that it has the right to sell and transfer the Bonds, subject to the delivery to the Trustee of an investor's letter from the transferee to the same effect as this Investor's Letter, with no revisions except as may be approved in writing by the Issuer. Failure to deliver such investor's letter shall cause the purported transfer to be null and void.

8. [The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information to which a reasonable investor would attach significance in making investment decisions, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Borrower, the Project and the Bonds and the security therefor so that, as a reasonable investor, the Investor has been able to make its decision to purchase the Bonds. The Investor acknowledges that it has not relied upon the Issuer for any information in connection with the Investor's purchase of the Bonds.]

9. [The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor, and other material factors affecting the security and payment of the Bonds. The Investor is aware that the business of the Borrower involves certain economic variables and risks that could adversely affect the security for the Bonds. The Investor acknowledges that in the event of a default on the Bonds, the risk of loss lies entirely with the Investor.]

10. The Investor understands that (a) in connection with the issuance and delivery of the Bonds, the Borrower has entered into an Interest Rate Swap Agreement between the Borrower or its designee and Citigroup Financial Products Inc. (the "Swap Provider"), and as shall be set forth in an International Swaps and Derivatives Association, Inc. Master Agreement, including the Schedule thereto, and any Confirmation entered into thereunder between the Borrower and the Swap Provider, as such agreement may be amended, supplemented or

substituted from time to time (collectively, the "Swap Agreement"), (b) the obligations of the Borrower under the Swap Agreement and the obligations of the Borrower under the Loan Agreement constitute pari passu obligations of the Borrower in right, interest and priority and, accordingly, the Bondholders (as defined in the Indenture) and the Swap Provider shall equally share, on a pro rata basis, in payments made by or on behalf of the Borrower and in the proceeds of the Mortgaged Property (as defined in the Indenture), (c) an event of default by the Borrower under the Swap Agreement constitutes an event of default under the Loan Agreement and would result in the mandatory redemption of the outstanding Bonds, (d) the Swap Provider has no obligation to make any payments with respect to the principal or redemption price of or interest on the Bonds and (e) the Investor shall not have any rights against the Swap Provider.

11. The Investor acknowledges that Bondholder Representative (as defined in the Indenture) has been appointed pursuant to the provisions of the Indenture and hereby acknowledges the rights and privileges of the Bondholder Representative as set forth in the Indenture.

Very truly yours,

CITICORP MUNICIPAL MORTGAGE
INC., a Delaware statutory trust

By: Citicorp Capital Management LLC, a
Delaware limited liability company, as
Manager

By: _____
Kathy Millhouse
Vice President

EXHIBIT F
[RESERVED]

EXHIBIT G
[RESERVED]

EXHIBIT H
FORM OF
NOTICE OF ACCELERATED REDEMPTION

Wells Fargo Bank, N.A.
333 Market Street, 18th Floor
San Francisco, CA 4105
Attn: Corporate Trust Services

Re: \$5,310,000 County of Contra Costa, California Multifamily Housing Revenue Refunding Bonds (Willow Pass Apartments) Series 2009A

Ladies and Gentlemen:

The undersigned is the Bondholder Representative of the above-referenced bonds (the "Bonds") as such term is defined in the Trust Indenture, dated as of June 1, 2009 (the "Indenture"), between the County of Contra Costa, California (the "Issuer") and you, as trustee (the "Trustee").

Pursuant to Section 6.7 of the Indenture you are hereby notified that the Bonds are to be redeemed as instruction in Section 6.7 of the Indenture from monies on deposit in the Surplus Fund in excess of \$10,000.

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

BONDHOLDER REPRESENTATIVE

By: _____
Authorized Signatory

EXHIBIT I
[RESERVED]

EXHIBIT J
[RESERVED]

EXHIBIT K
[RESERVED]

EXHIBIT L
[RESERVED]

EXHIBIT M
[RESERVED]

EXHIBIT N
[RESERVED]

EXHIBIT O
[RESERVED]

THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA

Adopted this Resolution on August 7, 2007, by the following vote:

AYES: Gioia, Uilkema, Bonilla, Glover and Piepho
 NOES: None
 ABSENT: None
 ABSTAIN: None



Resolution No. 2007/435
 RCVD JUN 9 '09

Subject: RESOLUTION AUTHORIZING THE ISSUANCE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE REFUNDING BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$5,400,000 TO REFINANCE A PORTION OF THE ACQUISITION AND REHABILITATION OF A MULTIFAMILY RENTAL HOUSING PROJECT GENERALLY KNOWN AS WILLOW PASS APARTMENTS; DETERMINING AND PRESCRIBING CERTAIN MATTERS AND APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF VARIOUS DOCUMENTS RELATED THERETO; RATIFYING ANY ACTION HERETOFORE TAKEN AND APPROVING RELATED MATTERS IN CONNECTION WITH SAID BONDS.

WHEREAS, the County of Contra Costa (the "County") is authorized pursuant to Section 52075 and following of the California Health and Safety Code (the "Act") to issue revenue bonds to refund any revenue bonds of the Issuer, including revenue bonds issued to finance and refinance, among other things, the acquisition and rehabilitation of multifamily rental housing projects;

WHEREAS, the proceeds of such bonds may be loaned to a nongovernmental owner of multifamily housing, who shall be responsible for the payment of such bonds, to allow such nongovernmental owner to reduce the cost of operating such housing and to assist in providing housing for low income persons;

WHEREAS, Willow Partners, L.P., a California limited partnership (the "Borrower"), has requested that the County issue and sell revenue bonds to assist in the refinancing of the acquisition and rehabilitation of a 120-unit multifamily housing development generally known as Willow Pass Apartments (the "Project");

WHEREAS, the County previously issued its Multifamily Housing Revenue Bonds (Willow Pass Apartments), Series 1999D, in the original aggregate principal amount of \$5,400,000 (the "Prior Bonds"), and its Multifamily Housing Revenue Bonds (Willow Pass Apartments), Series 1999D-T, in the original aggregate principal amount of \$2,500,000 (the "Taxable Bonds"), to assist in the financing of the Project;

WHEREAS, the County is willing to issue not to exceed \$5,400,000 aggregate principal amount of its Multifamily Housing Revenue Refunding Bonds (as more fully described herein, the "Bonds") no more than ninety (90) days prior to June 1, 2009, which is the first date on which the Prior Bonds are subject to optional redemption (the "First Call Date"), and to loan the proceeds thereof to the Borrower, who shall be responsible for the payment of such Bonds, to allow the Borrower to reduce the cost of the Project and to assist in providing housing for low income persons by refunding the Prior Bonds;

WHEREAS, the Taxable Bonds will be redeemed in whole at the time the Bonds are issued;

WHEREAS, as a condition to any extension of the weighted average maturity of the tax-exempt bond debt financing the Project, a public hearing shall be held and public approval shall be given with respect to the proposed refinancing, as required by Section 147(f) of the Internal Revenue Code of 1986;

WHEREAS, there have been prepared and presented at this meeting the following documents required for the issuance of the Bonds, and such documents are now in substantial form and appropriate instruments to be executed and delivered for the purposes intended:

- (1) Trust Indenture (the "Indenture") between the County and Wells Fargo Bank, National Association, as trustee (the "Trustee");
- (2) Loan Agreement (the "Loan Agreement") among the County, the Trustee and the Borrower;
- (3) Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement") among the Borrower, the County and the Trustee; and
- (4) Bond Purchase Agreement (the "Bond Purchase Agreement") among the County, the Borrower and Citicorp Municipal Mortgage Inc., as purchaser of the Bonds (the "Purchaser");

WHEREAS, the Indenture, the Loan Agreement and the Regulatory Agreement (collectively, the "Escrowed Documents") shall be executed and deposited into escrow and shall be released from escrow upon written authorization of the Borrower, the Trustee and certain other parties.

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

Section 1. This Board hereby specifically finds and declares that the statements, findings and determinations of the County set forth above are true and correct.

Section 2. Pursuant to the Act and the Indenture, the County is hereby authorized to issue the Bonds no earlier than 90 days prior to the First Call Date. The Bonds shall be designated as "County of Contra Costa Multifamily Housing Revenue Refunding Bonds (Willow Pass Apartments)" in an aggregate principal amount not to exceed \$5,400,000, with appropriate series or subseries designations as necessary. The Bonds shall be in the form set forth in and otherwise in accordance with the Indenture. The Bonds shall be executed by the manual or facsimile signature of the Chair of the Board of Supervisors, and attested by the manual or facsimile signature of the County Administrator and Clerk of the Board of Supervisors (the "Clerk"). The Bonds shall be issued and secured in accordance with the terms of the Indenture. Payment of the principal and purchase price of, and redemption premium, if any, and interest on, the Bonds shall be made solely from Revenues (as defined in the Indenture), and the Bonds shall not be deemed to constitute a debt or liability of the County.

Section 3. The form of the Indenture, on file with the Clerk, is hereby approved and the Chair, Vice-Chair, the County Administrator, the Director of Community Development and the Deputy Director-Redevelopment (each an "Authorized Officer") are hereby authorized and directed to execute and deliver the Indenture in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The date, maturity date or dates (which shall not extend beyond March 1, 2049), interest rate or rates (which shall not exceed 12% per annum), interest payment dates, denominations, form, registration 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 form of the Loan Agreement, on file with the Clerk, is hereby approved and an Authorized Officer is hereby authorized and directed to execute and deliver the Loan Agreement in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The form of the Regulatory Agreement, on file with the Clerk, is hereby approved and an Authorized Officer is hereby authorized and directed to execute and deliver the Regulatory Agreement in substantially said form, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 6. The County is hereby authorized to sell the Bonds to the Purchaser and such other purchasers as approved by an Authorized Officer pursuant to the terms and conditions of the Bond Purchase Agreement. The form of the Bond Purchase Agreement, on file with the Clerk, is hereby approved and an Authorized Officer is hereby authorized and directed to execute and deliver the Bond Purchase Agreement in substantially said form not more than 45 days before the expected date of delivery of the Bonds, with such changes therein as such officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's certificate of authentication appearing thereon, and to deliver the Bonds, when duly executed and authenticated, to or at the direction of the Purchaser in accordance with written instructions executed and delivered on behalf of the County by an Authorized Officer, which any Authorized Officer, acting alone, is hereby authorized and directed to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to or at the direction of the Purchaser in accordance with the Bond Purchase Agreement, upon payment of the purchase price thereof.

Section 8. The Board hereby appoints Orrick, Herrington & Sutcliffe LLP, San Francisco, California, as bond counsel.

Section 9. All actions heretofore taken by the officers and agents of the County with respect to the refinancing of the Project and the sale and issuance of the Bonds are hereby approved, ratified and confirmed, and any Authorized Officer is 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 and deliver any and all certificates, agreements and other documents, including but not limited to a tax certificate, a continuing disclosure agreement or certificate, an escrow agreement and escrow release certificate relating to the Escrowed Documents, and such other documents and certificates as may be described in the Indenture, the Bond Purchase Agreement and the other documents herein approved, which such officer, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds and to effectuate the purposes thereof and of the documents herein approved in accordance with this resolution and resolutions heretofore adopted by the County and otherwise in order to carry out the refinancing of the Project.

Section 10 Any Authorized Officer is hereby authorized and directed to execute and deliver amendments or revisions to or replacement of the Escrowed Documents in any manner consistent with this resolution following the execution and delivery into escrow of the Escrowed Documents and the issuance of the Bonds.

Section 11. All further consents, approvals, notices, orders, requests and other actions permitted or required by any of the documents authorized by this resolution, whether before or after the issuance of the Bonds, including without limitation any of the foregoing which may be necessary or desirable in connection with any default under or amendment of such documents, any transfer or other disposition of the Project, any addition or substitution of security for the Bonds or any redemption of the Bonds, may be given or taken by an Authorized Officer without further authorization by this Board of Supervisors, and such Authorized Officer is hereby authorized and directed to give any such consent, approval, notice, order or request and to take any such action which such officer may deem necessary or desirable to further the purposes of this resolution and the refinancing of the Project; provided such action shall not create any obligation or liability of the County other than as provided in the Indenture and other documents approved herein.

Section 12. This Resolution shall take effect upon its adoption.

NOW, THEREFORE, BE IT RESOLVED that the Contra Costa County Board of Supervisors

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: *August 7 2007*

JOHN CULLEN, Clerk of the Board of Supervisors and County Administrator

By *June M. Allen* Deputy

RESOLUTION NO. 20071735

BOND PURCHASE AGREEMENT

by and among

COUNTY OF CONTRA COSTA, CALIFORNIA,

WILLOW PARTNERS, L.P.,

and

CITICORP MUNICIPAL MORTGAGE INC.

Dated June 1, 2009

Relating to:

\$5,310,000

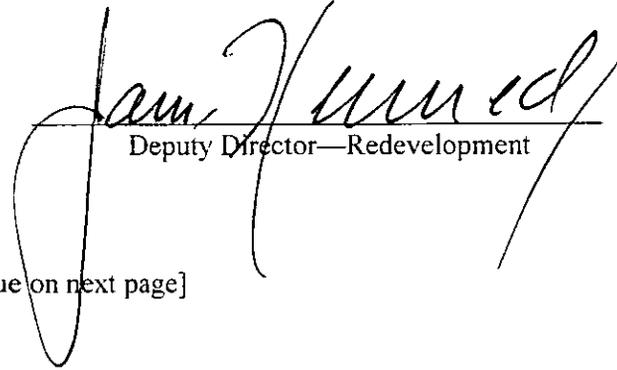
COUNTY OF CONTRA COSTA, CALIFORNIA
MULTIFAMILY HOUSING REVENUE REFUNDING BONDS
(WILLOW PASS APARTMENTS)
SERIES 2009A

RCVD JUN 9 '09

[Counterpart Signature Page to the Willow Pass Bond Purchase Agreement]

COUNTY OF CONTRA COSTA, CALIFORNIA,
as Issuer

By:



Deputy Director—Redevelopment

[Signatures continue on next page]

[Counterpart Signature Page to the Willow Pass Bond Purchase Agreement]

If the foregoing accurately sets forth our mutual understanding concerning the subject matter hereof, kindly indicate your acceptance by executing this Agreement.

CITICORP MUNICIPAL MORTGAGE INC.,
a Delaware Statutory Trust

By: Citicorp Capital Management LLC, a Delaware
limited liability company,
as Manager

By: 

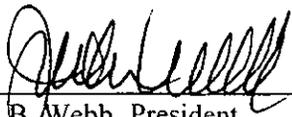
Kathryn M. Millhouse
Vice President

[Signatures continue on next page]

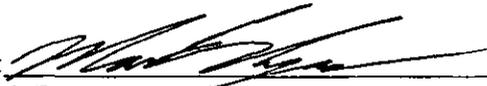
[Counterpart Signature Page to the Willow Pass Bond Purchase Agreement (Tax Exempt)]

WILLOW PARTNERS, L.P., a California limited partnership

By: AFFORDABLE HOUSING ACCESS, INC.,
a California nonprofit public benefit corporation
Its: Managing General Partner

By: 
Jonathan B. Webb, President

By: WILLOW ASSETS LLC, a
California limited liability company
Its: Administrative General Partner

By: 
Mark E. Hyatt, Member

BOND PURCHASE AGREEMENT

by and between

WILLOW PARTNERS, L.P.,

and

CITICORP MUNICIPAL MORTGAGE INC.

Dated June 1, 2009

Relating to:

\$1,695,000

WILLOW PARTNERS, L.P.
MULTIFAMILY HOUSING REVENUE BONDS
(WILLOW PASS APARTMENTS)
TAXABLE SERIES 2009A

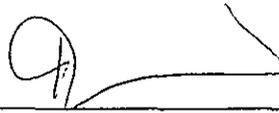
[Counterpart Signature Page to the Willow Pass Bond Purchase Agreement]

If the foregoing accurately sets forth our mutual understanding concerning the subject matter hereof, kindly indicate your acceptance by executing this Agreement.

CITICORP MUNICIPAL MORTGAGE INC.,
a Delaware Statutory Trust

By: Citicorp Capital Management LLC, a Delaware
limited liability company,
as Manager

By:



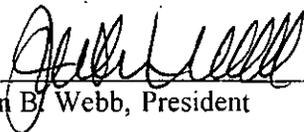
Kathryn M. Millhouse
Vice President

[Signatures continue on next page]

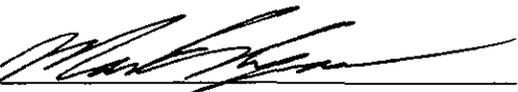
[Counterpart Signature Page to the Willow Pass Bond Purchase Agreement (Taxable)]

WILLOW PARTNERS, L.P., a California limited partnership

By: AFFORDABLE HOUSING ACCESS, INC.,
a California nonprofit public benefit corporation
Its: Managing General Partner

By: 
Jonathan B. Webb, President

By: WILLOW ASSETS LLC, a
California limited liability company
Its: Administrative General Partner

By: 
Mark E. Hyatt, Member

CONTINUING DISCLOSURE AGREEMENT

by and between

WILLOW PARTNERS, L.P.,

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

Dated as of June 1, 2009

Relating to:

\$5,400,000

COUNTY OF CONTRA COSTA, CALIFORNIA
MULTIFAMILY HOUSING REVENUE REFUNDING BONDS
(WILLOW PASS APARTMENTS)
SERIES 2009A

[Counterpart signature page to the Willow Pass Continuing Disclosure Agreement]

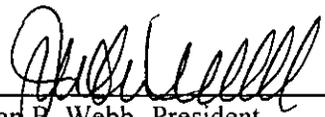
**WELLS FARGO BANK, NATIONAL
ASSOCIATION**

By: Thomas M. Dondak
Authorized Signatory

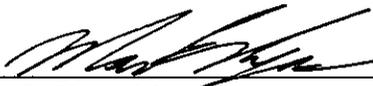
IN WITNESS WHEREOF, the parties hereto have caused this Continuing Disclosure Agreement (Tax Exempt) to be executed by their duly authorized representatives as of the date set forth above.

WILLOW PARTNERS, L.P., a California limited partnership

By: AFFORDABLE HOUSING ACCESS, INC.,
a California nonprofit public benefit corporation
Its: Managing General Partner

By: 
Jonathan B. Webb, President

By: WILLOW ASSETS LLC, a
California limited liability company
Its: Administrative General Partner

By: 
Mark E. Hyatt, Member

[Signatures to the Willow Pass Continuing Disclosure Agreement continued on following page]

CONTINUING DISCLOSURE AGREEMENT

by and between

WILLOW PARTNERS, L.P.,

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

Dated as of June 1, 2009

Relating to:

\$1,695,000

WILLOW PARTNERS, L.P.
MULTIFAMILY HOUSING REVENUE BONDS
(WILLOW PASS APARTMENTS)
TAXABLE SERIES 2009A

[Counterpart signature page to the Willow Pass Taxable Continuing Disclosure Agreement]

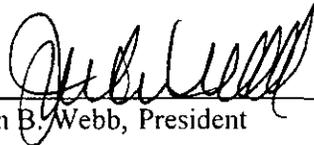
**WELLS FARGO BANK, NATIONAL
ASSOCIATION**

By: Thomas M. Demduk
Authorized Signatory

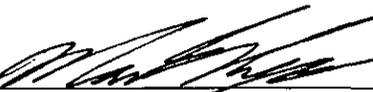
IN WITNESS WHEREOF, the parties hereto have caused this Continuing Disclosure Agreement (Taxable) to be executed by their duly authorized representatives as of the date set forth above.

WILLOW PARTNERS, L.P., a California limited partnership

By: AFFORDABLE HOUSING ACCESS, INC.,
a California nonprofit public benefit corporation
Its: Managing General Partner

By: 
Jonathan B. Webb, President

By: WILLOW ASSETS LLC, a
California limited liability company
Its: Administrative General Partner

By: 
Mark E. Hyatt, Member

[Signatures to the Willow Pass Continuing Disclosure Agreement continued on following page]

LOAN AGREEMENT

BETWEEN

**COUNTY OF CONTRA COSTA, CALIFORNIA,
as Issuer,**

and

**WILLOW PARTNERS, L.P.,
as Borrower**

Dated as of June 1, 2009

Relating to:

**\$5,310,000
COUNTY OF CONTRA COSTA, CALIFORNIA
MULTIFAMILY HOUSING REVENUE REFUNDING BONDS
(WILLOW PASS APARTMENTS)
SERIES 2009A**

The amounts payable to the County of Contra Costa, California (the "Issuer") and other rights of the Issuer (except for certain rights described herein) under this Loan Agreement have been pledged and assigned to Wells Fargo Bank, National Association, as trustee (the "Trustee") under the Trust Indenture between the Issuer and the Trustee dated as of June 1, 2009.

RCVD JUN 9 '09

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LOAN AGREEMENT

THIS LOAN AGREEMENT (this "Loan Agreement") is entered into as of June 1, 2009, between the COUNTY OF CONTRA COSTA, CALIFORNIA, a political subdivision of the State of California (the "Issuer"), and WILLOW PARTNERS, L.P., a California limited partnership (together with its successors and assigns, the "Borrower").

WITNESSETH:

RECITALS

WHEREAS, the Issuer is authorized and empowered under Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code (the "Act") to issue bonds and to lend the proceeds thereof to qualified borrowers for the purpose of financing and refinancing, among other things, the acquisition and rehabilitation of multifamily housing projects for persons and families of low and very low income residing within the State of California (the "State"); and

WHEREAS, the Act authorizes the Issuer: (a) to make loans to any person to provide financing and refinancing for rental residential developments located within the jurisdiction of the Issuer and intended to be occupied in part by persons of low and very low income, as determined by the Issuer; (b) to issue its revenue bonds for the purpose of obtaining moneys to make such loans and provide such financing or refinancing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Issuer, including the revenues and receipts to be received by the Issuer from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Issuer in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the Borrower has requested the Issuer to issue revenue bonds designated as its \$5,310,000 Multifamily Housing Revenue Refunding Bonds (Willow Pass Apartments) Series 2009A (the "Bonds") and to loan the proceeds from the sale thereof (the "Loan") to the Borrower; and

WHEREAS, the proceeds of the Loan, together with other amounts, will be applied to redeem, in whole, the Issuer's Multifamily Housing Revenue Bonds (Willow Pass Apartments), Series 1999D (the "Prior Bonds"), which Prior Bonds were previously issued to finance the acquisition and rehabilitation of a multifamily rental housing development located in the County of Contra Costa, known as Willow Pass Apartments (the "Project"), and for certain other uses identified in the Indenture; and

WHEREAS, as evidence of its repayment obligations under this Loan Agreement, on the Closing Date the Borrower will execute and deliver its promissory note (the "Note").

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

ARTICLE I

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

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

(a) Unless specifically defined herein, all capitalized terms shall have the meanings ascribed thereto in the Trust Indenture, dated as of June 1, 2009, by and between the Issuer and the Trustee (the "Indenture"), executed with respect to the Bonds.

(b) The definitions in the recitals to this instrument are for convenience only and shall not affect the construction of this instrument.

(c) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with the Approved Accounting Method. All references herein to "Approved Accounting Method" refer to such method as it exists at the date of the application thereof.

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

(e) The terms "herein," "hereof" and "hereunder" and other words of similar import refer to this Loan Agreement as a whole and not to any particular Article, Section or other subdivision.

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

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

Section 1.2 Principles of Construction. Unless otherwise specified, (i) all references to sections and schedules are to those in this Loan Agreement, (ii) the words "hereof," "herein" and "hereunder" and words of similar import refer to this Loan Agreement as a whole and not to any particular provision, (iii) all definitions are equally applicable to the singular and plural forms of the terms defined, (iv) the word "including" means "including but not limited to," and (v) accounting terms not specifically defined herein shall be construed in accordance with the Approved Accounting Method.

ARTICLE II

GENERAL

Section 2.1 Issuance of Bonds. In order to provide funds for the purposes provided herein, the Issuer agrees that it will, in accordance with the Act, issue, sell and cause to be delivered to the purchasers thereof, the Bonds. The proceeds of the sale of the Bonds shall be paid to the Trustee for the account of the Issuer. The Trustee shall promptly deposit the proceeds of the sale of the Bonds as provided in the Indenture. The Issuer and the Borrower expressly reserve the right to enter into, to the extent permitted by law, an agreement or agreements other than this Loan Agreement with respect to the issuance by the Issuer under an indenture or indentures other than the Indenture of obligations to provide funds to refund all or any principal amount of the Bonds.

Section 2.2 Security for the Bonds. As security for the Bonds, the Issuer has pledged and assigned to the Trustee under and pursuant to the Indenture (a) the Note and all of its right, title and interest in and to this Loan Agreement (except for the Unassigned Issuer's Rights) and all revenues and receipts therefrom and the security therefor (including the Mortgage) and (b) the amounts on deposit from time to time in the funds established under the Indenture (except the Expense Fund and the Rebate Fund). All revenues and assets pledged and assigned thereby shall immediately be subject to the lien of such pledge without any physical delivery thereof or any further act, except in the case of the Note, which shall be delivered to the Trustee. The Borrower hereby acknowledges and consents to such assignment to the Trustee.

Section 2.3 Loan of Bond Proceeds; Note. Upon the issuance of the Bonds and deposit under the Indenture of the proceeds from the sale of the Bonds, the Issuer shall be deemed to have made the Loan to the Borrower in the original principal amount of the Loan Amount, which shall mature and be payable at the times and in the amounts required under the terms hereof and of the Note. The proceeds of the Loan shall be used by the Borrower to refund in whole the Prior Bonds and for certain other purposes specified in the Indenture. The Borrower hereby accepts the Loan and acknowledges that the Issuer shall cause the proceeds of the Bonds to be deposited with the Trustee in the manner set forth in Section 7.2 of the Indenture and applied as set forth in the Indenture.

The Borrower hereby agrees to execute the Note, as evidence of its obligation to repay the Loan, and to deliver the Note simultaneously with the delivery of this Loan Agreement to the Issuer. The Note shall bear interest on the unpaid balance thereof at the Note Coupon Rate, calculated on the basis of a 365 or 366-day year, as applicable, for the actual number of days elapsed. The Issuer shall assign the Note to the Trustee for the benefit of the Bondholders.

Section 2.4 Disbursements. (a) Moneys in the Loan Fund shall be disbursed as provided in Section 8.7 of the Indenture.

(b) Moneys in the Costs of Issuance Fund shall be disbursed by the Trustee in accordance with Section 8.6 of the Indenture.

Section 2.5 [Reserved].

Section 2.6 Monthly Loan Payments. (a) The Borrower shall make Monthly Loan Payments in accordance with the Note. Each Monthly Loan Payment made by the Borrower shall be made in funds immediately available to the Trustee or the Servicer by 11:00 a.m., New York City time, on the Monthly Loan Payment Date. Each such payment shall be made to the Trustee or the Servicer by deposit to such account as the Trustee or Servicer, as applicable, may designate by Written Notice to the Borrower. Whenever any Monthly Loan Payment shall be stated to be due on a day that is not a Business Day, such payment shall be due on the first Business Day immediately thereafter. In addition, the Borrower shall make Loan payments in accordance with the Note in the amounts and at the times necessary to make all payments due and payable on the Bonds. All payments made by the Borrower hereunder or by the Borrower under the other Bond Documents, shall be made irrespective of, and without any deduction for, any set-offs or counterclaims, but such payment shall not constitute a waiver of any such set-offs or counterclaims.

(b) The Borrower and the Issuer each acknowledge that neither the Borrower nor the Issuer has any interest in any moneys deposited in the funds or accounts established under the Indenture and such funds or accounts shall be in the custody of and (except for monies due the Issuer on deposit in the Expense Fund and, the Rebate Fund) held by the Trustee in trust for the benefit of the Bondholders.

Section 2.7 Additional Payments.

The Borrower shall pay to the Trustee on demand the following amounts; provided, however that the Borrower shall not be responsible for any costs associated with any securitization of the Bonds:

(a) the Rebate Amount then due, if any, to be deposited by the Trustee in the Rebate Fund as specified in Section 8.8 of the Indenture and the costs incurred to calculate such Rebate Amount (to the extent such costs are not included in the Monthly Loan Payment);

(b) all fees, charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Trustee and the Issuer (above and beyond the Trustee's Fee or the Issuer's Fee) incurred under the Indenture, as and when the same become due;

(c) all Costs of Issuance (including the Issuance Fee) and fees, charges and expenses, including agent and counsel fees incurred in connection with the issuance of the Bonds, as and when the same become due, to the extent not paid from the Costs of Issuance Fund;

(d) all charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Issuer incurred by the Issuer at any time in connection with the Bonds or the Project, including, without limitation, counsel fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of the Bond Documents or any other documents relating to the Project or the Bonds or in connection with questions or other matters arising under such documents or in connection with any federal or state tax audit; and

(e) all late charges due and payable under the terms of the Note and Section 2.9 herein; provided, however, that all payments made pursuant to this subsection (e) shall be made to the Servicer, if there is no Servicer, such payments shall be made to the Trustee.

The Borrower shall pay to the party entitled thereto as expressly set forth in this Loan Agreement or the other Bond Documents:

(a) all expenses incurred in connection with the enforcement of any rights under this Loan Agreement, the Regulatory Agreement, the Indenture or any other Loan Document or Bond Document by the Issuer, the Servicer, the Bondholder Representative, the Trustee or the Bondholders;

(b) all other payments of whatever nature that the Borrower has agreed to pay or assume under the provisions of this Loan Agreement, the Indenture, any other Bond Document; and

(c) all expenses, costs and fees relating to inspections of the Project required by the Bondholder Representative in accordance with the Bond Documents or to reimburse such parties for such expenses, costs and fees.

Section 2.8 Costs of Issuance Deposit. The Borrower shall deposit or cause to be deposited with the Trustee on the date of execution and delivery of this Agreement an amount equal to the Costs of Issuance Deposit.

Section 2.9 Overdue Payments; Payments if Default. If any Borrower Payment Obligation is not paid by or on behalf of the Borrower when due, the Borrower shall pay to the Servicer, a Late Charge in the amount and to the extent set forth in the Note, if any. Any such Late Charge shall not be deemed to be additional interest or a penalty, but shall be deemed to be liquidated damages because of the difficulty in computing the actual amount of damages in advance. Late Charges shall be secured by the applicable Bond Documents. Any action regarding the collection of a Late Charge will be without prejudice to any other rights, nor act as a waiver of any other rights, that the Servicer, the Trustee or the Bondholder Representative may have as provided herein, at law or in equity.

Section 2.10 Obligations of the Borrower Absolute and Unconditional. (a) Subject to Section 11.1 hereof, the obligations of the Borrower under this Loan Agreement and the Note to make Monthly Loan Payments and Additional Payments on or before the date the same become due, and to perform all of its other obligations, covenants and agreements hereunder shall be absolute and unconditional, and shall be paid or performed without notice or demand, and without abatement, deduction, set-off, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, and irrespective of whether the Borrower's title to the Project or to any part thereof is defective or nonexistent, and notwithstanding any damage due to loss, theft or destruction of the Project or any part thereof, any failure of consideration or frustration of commercial purpose, the taking by eminent domain of title to or of the right of temporary use of all or any part of the Project, legal curtailment of the Borrower's use thereof, the eviction or

constructive eviction of the Borrower, any change in the tax or other laws of the United States of America, the State or any political subdivision thereof, any change in the Issuer's legal organization or status, or any default of the Issuer or the Trustee hereunder or under any other Bond Document, and regardless of the invalidity of any action of the Issuer or the invalidity of any portion of this Loan Agreement. The Borrower hereby waives the application to it of the provisions of any statute or other law now or hereafter in effect contrary to any of its obligations, covenants or agreements under this Loan Agreement or which releases or purports to release the Borrower therefrom. Nothing contained herein shall be construed as prohibiting the Borrower from pursuing any rights or remedies it may have against any Person in a separate legal proceeding.

(b) The Borrower may, however, at its own cost and expense and in its own name, prosecute or defend any action or proceeding or take any other action involving third persons that the Borrower deems reasonably necessary in order to secure or protect its right of possession, occupancy and use hereunder.

Section 2.11 Optional Prepayment of Note. The Borrower shall have the option to prepay the Note to the extent and in the manner set forth therein, exercisable by Written Notice to the Issuer and the Trustee and with the Written Consent of the Bondholder Representative given at least 20 days prior to the proposed prepayment date, for the purpose of redeeming all Outstanding Bonds in accordance with Section 6.1 of the Indenture on a permitted redemption date of the Bonds or paying the Bonds at maturity. The consent of the Bondholder Representative shall be given so long as the Borrower has complied with the applicable provisions of the Note with respect to such prepayment and has provided evidence satisfactory to the Bondholder Representative in its sole discretion that the amounts used to prepay the Note will not constitute an avoidable preference under Section 547 of the United States Bankruptcy Code in the event the Borrower or an Affiliate thereof were to become a debtor under the United States Bankruptcy Code.

In connection with any such proposed prepayment, the Borrower shall deposit Eligible Funds with the Trustee by 10:00 a.m., Trustee local time, on the date of prepayment at a prepayment price equal to the outstanding principal balance of the Note, plus interest on the Note to the date of prepayment and the amount of any Prepayment Premium payable under the Note, plus any Additional Payments due and payable hereunder through the date of prepayment. Such amounts shall be applied to the redemption of all the Bonds and payment of all amounts due hereunder. The Borrower shall deliver such certifications and shall satisfy such conditions as set forth in Section 6.1 of the Indenture with respect to the optional redemption of all Bonds Outstanding. If the Bonds are not then callable, the prepayment price set forth above shall be calculated pursuant to Section 14.2 of the Indenture.

Section 2.12 Mandatory Prepayment of Note. The Borrower shall prepay the outstanding principal balance of the Note at the direction of the Bondholder Representative, in whole or in part, at a prepayment price equal to the outstanding principal balance of the Note prepaid, plus accrued interest plus any other amounts payable under the Note or this Loan Agreement, for the purpose of redeeming the Bonds as provided in Section 6.3 of the Indenture, upon the occurrence of any event or condition described below and with the Written Consent of the Bondholder Representative:

(a) in whole, if the Project shall have been damaged or destroyed to the extent that it is not practicable or feasible to rebuild, repair or restore the damaged or destroyed property within the period and under the conditions described in the Mortgage following such event of damage or destruction; or

(b) in whole or in part, with the written consent of the Bondholder Representative, if title to, or the use of, all or a substantial portion of the Project shall have been taken under the exercise of the power of eminent domain by any governmental authority with the result that the Borrower is thereby prevented from carrying on its normal operation of the Project within the period and under the conditions described in the Mortgage; or

(c) in whole or in part, with the written consent of the Bondholder Representative, to the extent that insurance proceeds or proceeds of any condemnation award with respect to the Project are not applied to restoration of the Project in accordance with the provisions of the Mortgage; and

(d) as otherwise provided in the Note or the Mortgage.

Such prepayment shall be due and payable by no later than 10:00 a.m., Trustee local time, on the date fixed by the Trustee for redemption of the Bonds pursuant to Section 6.3 of the Indenture, which date shall be communicated by the Trustee in writing to the Issuer, the Bondholders and the Borrower in accordance with the Indenture. To the extent that the Borrower or the Trustee receive any insurance proceeds or condemnation awards that are to be applied to the prepayment of the Note, such amounts shall be applied to the prepayment of the Note and the corresponding redemption of the Bonds.

In addition, the Borrower shall prepay the outstanding principal balance of the Note at the direction of the Bondholder Representative, in whole, or in part, at a prepayment price equal to the outstanding principal balance of the Note prepaid, plus accrued interest plus any other amounts payable under the Note or this Loan Agreement, for the purpose of redeeming the Bonds as provided in Sections 6.4, 6.5 and 6.7 of the Indenture.

Section 2.13 Calculation of Interest Payments and Deposits to Real Estate Related Reserve Funds. The Issuer and the Borrower acknowledge as follows: (a) calculation of all interest payments shall be made by the Bondholder Representative; (b) deposits with respect to the Taxes and Other Charges shall be calculated by the Servicer or if there is no Servicer, the Bondholder Representative in accordance with the Mortgage; and (c) deposits with respect to any replacement reserve funds required by the Bondholder Representative shall be calculated by the Bondholder Representative in accordance with the Replacement Reserve Agreement. In the event and to the extent that the Servicer or the Bondholder Representative, pursuant to the terms hereof, shall determine at any time that there exists a deficiency in amounts previously owed but not paid with respect to deposits to such replacement reserve fund, such deficiency shall be immediately due and payable hereunder following written notice to the Borrower.

Section 2.14 Cap Fee Escrow. Unless such requirement is waived by the Bondholder Representative, the Borrower agrees to purchase ninety (90) days prior to the expiration or early

termination of the Swap Agreement and maintain at all times thereafter, an interest rate cap agreement fulfilling the Cap Agreement Requirements as determined by the Bondholder Representative in its sole discretion. On each Monthly Loan Payment Date commencing five years before the expiration of the Swap Agreement the Borrower shall pay to the Servicer, on behalf of the Bondholder Representative, for deposit to a Cap Fee Escrow, an amount that will result in the accumulation by the expiration or early termination of the Swap Agreement or then existing interest rate cap agreement, as applicable, without regard to earnings in the Cap Fee Escrow, of funds estimated by the Bondholder Representative to be sufficient to provide for the periodic payments under the interest rate cap agreement on the same terms for an additional five (5) years or for a period beginning on the termination date of the Swap Agreement or then existing interest rate cap agreement, as applicable, and ending on the Maturity Date, whichever is shorter. During the first twelve (12) months after the first payment for each future Cap Agreement, the monthly deposit shall be equal to a fraction, the numerator of which is 125% of the aggregate periodic payments required to be made pursuant to the interest rate cap agreement required hereunder and the denominator of which is the number of months remaining until the termination of the then existing Swap Agreement or interest rate cap agreement, as applicable. Thereafter, the amount of the monthly deposit shall be recomputed by the Indexing Agent quarterly based upon the Indexing Agent's estimation of the aggregate periodic payments required to be made pursuant to such subsequent interest rate cap agreement (or extension or renewal thereof) times 125% minus amounts already on deposit in the Cap Fee Escrow, divided by the number of months remaining until the expiration of the then existing interest rate cap agreement. The Borrower shall pay the Indexing Agent's expenses related to the estimation and analysis of the cost of any renewal or replacement interest rate cap agreement. Amounts on deposit in the Cap Fee Escrow shall be invested and reinvested by the Bondholder Representative in its discretion.

Section 2.15 Grant of Security Interest; Application of Funds. To the extent not inconsistent with the Mortgage and as security for payment of the Borrower Payment Obligations and the performance by the Borrower of all other terms, conditions and provisions of the Bond Documents, the Borrower hereby pledges and assigns to the Trustee, as assignee of the Issuer, and grants to the Trustee a security interest in, all the Borrower's right, title and interest in and to all Rents and all payments to or moneys held in the funds and accounts created and held by the Trustee or the Servicer for the Project. The Borrower also grants to the Trustee a continuing security interest in, and agrees to hold for the benefit of the Trustee, all Rents in its possession prior to the payment of Rents or any portion thereof to the Trustee or the Servicer (to the extent that the Borrower is required to pay such Rents to the Trustee or the Servicer). The Borrower shall not, without obtaining the prior Written Consent of the Bondholder Representative, further pledge, assign or grant any security interest in the Rents, or permit any Lien to attach thereto, or any levy to be made thereon, or any UCC 1 Financing Statements, except those naming the Trustee as the secured party, to be filed with respect thereto. This Loan Agreement is, among other things, intended by the parties to be a security agreement for purposes of the UCC. Upon the occurrence and during the continuance of a Loan Agreement Default hereunder, the Trustee and the Servicer shall apply or cause to be applied any sums held by the Trustee and the Servicer with respect to the Project in accordance with Section 11.4 of the Indenture.

ARTICLE III
[RESERVED]

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1 Borrower Representations. The Borrower represents and warrants for the benefit of the Issuer, the Trustee, the Bondholder Representative and the Servicer, as of the date of execution hereof, as follows:

Section 4.1.1 Organization; Special Purpose. The Borrower has been duly organized and is validly existing and in good standing under the laws of the State of California, with requisite power and authority, and all material rights, licenses, permits and authorizations, governmental or otherwise, necessary to own its properties and to transact business in the State. The Borrower is duly qualified to do business and is in good standing in each jurisdiction where required by applicable law. The sole business of the Borrower is the ownership, management and operation of the Project.

Section 4.1.2 Proceedings; Enforceability. The Borrower has taken all necessary action to authorize the execution, delivery and performance of the Bond Documents to which it is a party. This Agreement has been, and each of the other Bond Documents to which the Borrower will be a party will be, duly executed and delivered by the Borrower and constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, subject to applicable bankruptcy, insolvency and similar laws affecting rights of creditors generally, and general principles of equity.

Section 4.1.3 No Conflicts. The execution, delivery and performance of the Bond Documents to which the Borrower is a party will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, or result in the creation or imposition of any Lien (other than pursuant to the Bond Documents) upon the Project or the Borrower pursuant to the terms of, any agreement or instrument to which the Borrower is a party or by which its property is subject, nor will such action result in any violation of the provisions of any statute or any order, rule or regulation of any Governmental Authority having jurisdiction over the Borrower or any of its properties. The Borrower's rights under the Licenses and the Management Agreement will not be adversely affected by the execution and delivery of the Bond Documents to which the Borrower is a party, the Borrower's performance thereunder, the recordation of the Mortgage, or the exercise of any remedies by the Servicer, the Trustee or the Bondholder Representative. Other than any filing or recording necessary to perfect any Lien created by any of the Bond Documents, any consent, approval, authorization, order, registration or qualification of or with any Governmental Authority required for the execution, delivery and performance by the Borrower of the Bond Documents to which the Borrower is a party has been obtained and is in full force and effect.

Section 4.1.4 Litigation. There are no actions, suits or other proceedings at law or in equity by or before any Governmental Authority now pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower, any General Partner or any Guarantor or the Project, which would materially adversely affect the condition (financial or otherwise) or business of the Borrower or the condition or ownership of the Project.

Section 4.1.5 Agreements; Consents; Approvals. Except as contemplated by the Bond Documents, the Borrower is not a party to any agreement or instrument or subject to any restriction that would materially adversely affect the Borrower or the Project, or the Borrower's business, properties, operations or condition, financial or otherwise except Permitted Encumbrances. The Borrower is not in default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Permitted Encumbrance or any other agreement or instrument to which it is a party or by which it or the Project is bound.

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

Section 4.1.6 Title. The Borrower has good title to the Project, free and clear of all Liens except the Permitted Encumbrances. The Mortgage, when properly recorded in the appropriate records, together with any UCC financing statements required to be filed in connection therewith, will create (i) a valid, perfected first priority lien on the fee interest in the Project and (ii) perfected security interests in and to, and perfected collateral assignments of, all personality included in the Project (including the Leases), all in accordance with the terms thereof, in each case subject only to any applicable Permitted Encumbrances. Permitted Encumbrances do not materially adversely affect the Borrower's ability to repay the Loan or the value or use of the Project. There are no delinquent real property taxes or assessments, including water and sewer charges, with respect to the Project. There are no claims for payment for work, labor or materials affecting the Project which are or may become a Lien prior to, or of equal priority with, the Liens created by the Bond Documents.

Section 4.1.7 Survey. To the best knowledge of the Borrower, the survey for the Project delivered to the Bondholder Representative does not fail to reflect any material matter affecting the Project or the title thereto.

Section 4.1.8 No Bankruptcy Filing. The Borrower is not contemplating either the filing of a petition by it under any state or federal bankruptcy or insolvency law or the liquidation of all or a major portion of its property (a "Bankruptcy Proceeding"), and the Borrower has no knowledge of any Person contemplating the filing of any such petition against it. As of the Closing Date, the Borrower has the ability to pay its debts as they become due and anticipates being able to do so, and has no reason to believe it will not be able to do so, going forward, for the term of the Loan.

Section 4.1.9 Full and Accurate Disclosure. No statement of fact made by the Borrower in any Bond Documents contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained therein not misleading. There is no material fact or circumstance presently known to the Borrower that has not been disclosed to the

Bondholder Representative which materially and adversely affects or, as far as the Borrower can foresee, would materially and adversely affect, the Project or the business, operations or condition (financial or otherwise) of the Borrower or the Borrower's ability to meet its obligations under this Loan Agreement and the other Bond Documents to which it is a party in a timely manner.

Section 4.1.10 No Plan Assets. The Borrower is not an "employee benefit plan," as defined in Section 3(3) of ERISA, subject to Title I of ERISA, and none of the assets of the Borrower constitutes or will constitute "plan assets" of one or more such plans within the meaning of 29 C.F.R. Section 2510.3 101.

Section 4.1.11 Compliance. The Borrower and the Project and the use thereof will comply, to the extent required, in all material respects with all applicable Legal Requirements. The Borrower is not in default or violation of any order, writ, injunction, decree or demand of any Governmental Authority, the violation of which would materially adversely affect the condition (financial or otherwise) or business of the Borrower. There has not been committed by the Borrower or Affiliate involved with the operation or use of the Project any act or omission affording any Governmental Authority the right of forfeiture as against the Project or any part thereof or any moneys paid in performance of the Borrower's obligations under any Bond Document or Loan Document.

Section 4.1.12 Contracts. All service, maintenance or repair contracts affecting the Project have been entered into at arm's length (except for such contracts between the Borrower and its affiliates or the affiliates of the general partner of the Borrower) in the ordinary course of the Borrower's business and provide for the payment of fees in amounts and upon terms comparable to existing market rates.

Section 4.1.13 Financial Information. All financial data, including any statements of cash flow and income and operating expense, that have been delivered to the Bondholder Representative in respect of the Project by or on behalf of the Borrower, to the best knowledge of the Borrower, (i) are true, complete and correct in all material respects, (ii) accurately represent the financial condition of the Project as of the date of such reports, and (iii) to the extent prepared by an independent certified public accounting firm, have been prepared in accordance with the Approved Accounting Method consistently applied throughout the periods covered, except as disclosed therein. Other than pursuant to or permitted by the Bond Documents, the Loan Documents or the Borrower organizational documents, the Borrower has no contingent liabilities, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments. Since the date of such financial statements, there has been no materially adverse change in the financial condition, operations or business of the Borrower from that set forth in said financial statements.

Section 4.1.14 Condemnation. No Condemnation or other proceeding has been commenced or, to the Borrower's knowledge, is contemplated, threatened or pending with respect to all or part of the Project or for the relocation of roadways providing access to the Project.

Section 4.1.15 Federal Reserve Regulations. No part of the proceeds of the Loan will be used for the purpose of purchasing or acquiring any “margin stock” within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose that would be inconsistent with such Regulation U or any other regulation of such Board of Governors, or for any purpose prohibited by Legal Requirements or any Bond Document.

Section 4.1.16 Utilities and Public Access. To the best of the Borrower’s knowledge, the Project is served by water, sewer, sanitary sewer and storm drain facilities adequate to service it for its intended uses. All public utilities necessary or convenient to the full use and enjoyment of the Project are or will be located in the public right-of-way abutting the Project, and all such utilities are or will be connected so as to serve the Project without passing over other property absent a valid easement. All roads necessary for the use of the Project have been or will be completed and dedicated to public use and accepted by all Governmental Authorities. The Project does not share ingress and egress through an easement or private road or share on-site or off-site recreational facilities and amenities that are not located on the Project and under the exclusive control of the Borrower, or where there is shared ingress and egress or amenities, there exists an easement or joint use and maintenance agreement under which (i) access to and use and enjoyment of the easement or private road and/or recreational facilities and amenities is perpetual, (ii) the number of parties sharing such easement and/or recreational facilities and amenities must be specified, (iii) the Borrower’s responsibilities and share of expenses are specified, and (iv) the failure to pay any maintenance fee with respect to an easement will not result in a loss of usage of the easement.

Section 4.1.17 Not a Foreign Person. The Borrower is not a “foreign person” within the meaning of §1445(f)(3) of the Code.

Section 4.1.18 Separate Lots. Each parcel comprising the Project is a separate tax lot and is not a portion of any other tax lot that is not a part of the Project.

Section 4.1.19 Assessments. There are no pending or, to the Borrower’s best knowledge, proposed special or other assessments for public improvements or otherwise affecting the Project, or any contemplated improvements to the Project that may result in such special or other assessments.

Section 4.1.20 Enforceability. The Bond Documents are not subject to, and the Borrower has not asserted, any right of rescission, set-off, counterclaim or defense, including the defense of usury.

Section 4.1.21 Insurance. The Borrower has obtained the insurance required by Section 7.1 hereof and has delivered to the Bondholder Representative copies of insurance policies or certificates of insurance reflecting the insurance coverages, amounts and other requirements set forth in this Loan Agreement and the Mortgage.

Section 4.1.22 Use of Property; Licenses. The Project will be used exclusively as a multifamily residential rental project and other appurtenant and related uses, which use is consistent with the zoning classification for the Project. All certifications, permits, licenses and approvals, including certificates of completion and occupancy permits required for the legal use

or legal, nonconforming use, as applicable, (except for building permits which shall be acquired in accordance with the terms of the Repair Agreement) occupancy and operation of the Project (collectively, the "Licenses") required at this time for the rehabilitation and equipping of the Project have been obtained. To the Borrower's knowledge, all Licenses obtained by the Borrower have been validly issued and are in full force and effect. The Borrower has no reason to believe that any of the Licenses required for the future use and occupancy of the Project and not heretofore obtained by the Borrower will not be obtained by the Borrower in the ordinary course following the Completion Date. No Licenses will terminate, or become void or voidable or terminable, upon any sale, transfer or other disposition of the Project, including any transfer pursuant to foreclosure sale under the Mortgage or deed in lieu of foreclosure thereunder. The Project does not violate any density or building setback requirements to the extent, if any, shown on the survey of the applicable zoning law. No proceedings are, to the best of the Borrower's knowledge, pending or threatened that would result in a change of the zoning of the Project.

Section 4.1.23 Flood Zone. Either all Improvements will be constructed above the flood grade or the Borrower will obtain appropriate flood insurance as directed by the Bondholder Representative.

Section 4.1.24 Physical Condition. The Project, including all Improvements, parking facilities, systems, fixtures, Equipment and landscaping, are in good and habitable condition in all material respects and in good order and repair in all material respects (reasonable wear and tear excepted). The Borrower has not received notice from any insurance company or bonding company of any defect or inadequacy in the Project, or any part thereof, which would adversely affect its insurability or cause the imposition of extraordinary premiums or charges thereon or any termination of any policy of insurance or bond. The physical configuration of the Project is not in material violation of the Americans with Disabilities Act, if required under applicable law.

Section 4.1.25 Encroachments. All of the Improvements included in determining the appraised value of the Project will lie wholly within the boundaries and building restriction lines of the Project, and no improvement on an adjoining property encroaches upon the Project, and no easement or other encumbrance upon the Project encroaches upon any of the Improvements, so as to affect the value or marketability of the Project, except those insured against by the Title Insurance Policy.

Section 4.1.26 State Law Requirements. During the Qualified Project Period (as defined in the Regulatory Agreement), the Borrower hereby represents, covenants and agrees to comply with the provisions of the Housing Law (as defined in the Regulatory Agreement).

Section 4.1.27 Filing and Recording Taxes. All transfer taxes, deed stamps, intangible taxes or other amounts in the nature of transfer taxes required to be paid by any Person under applicable Legal Requirements in connection with the transfer of the Project to the Borrower have been paid. All mortgage, mortgage recording, stamp, intangible or other similar taxes required to be paid by any Person under applicable Legal Requirements in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Bond Documents have been or will be paid.

Section 4.1.28 Investment Company Act. The Borrower is not (i) an “investment company” or a company “controlled” by an “investment company,” within the meaning of the Investment Company Act of 1940, as amended; or (ii) a “holding company” or a “subsidiary company” of a “holding company” or an “affiliate” of either a “holding company” or a “subsidiary company” within the meaning of the Public Utility Holding Company Act of 1935, as amended.

Section 4.1.29 Fraudulent Transfer. The Borrower has not accepted the Loan or entered into any Bond Document with the actual intent to hinder, delay or defraud any creditor, and the Borrower has received reasonably equivalent value in exchange for its obligations under the Bond Documents. Giving effect to the transactions contemplated by the Bond Documents, the fair saleable value of the Borrower’s assets exceeds and will, immediately following the execution and delivery of the Bond Documents, exceed the Borrower’s total liabilities, including subordinated, unliquidated, disputed or contingent liabilities. The fair saleable value of the Borrower’s assets is and will, immediately following the execution and delivery of the Bond Documents, be greater than the Borrower’s probable liabilities, including the maximum amount of its contingent liabilities or its debts as such debts become absolute and matured. The Borrower’s assets do not and, immediately following the execution and delivery of the Bond Documents will not, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. The Borrower does not intend to, and does not believe that it will, incur debts and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such debts as they mature (taking into account the timing and amounts to be payable on or in respect of obligations of the Borrower).

Section 4.1.30 Ownership of the Borrower. Except as set forth in the Partnership Agreement of the Borrower, the Borrower has no obligation to any Person to purchase, repurchase or issue any ownership interest in it.

Section 4.1.31 [Reserved]

Section 4.1.32 Environmental Matters. The Project is not in violation of any Legal Requirement pertaining to or imposing liability or standards of conduct concerning environmental regulation, contamination or clean-up, and will comply with covenants and requirements relating to environmental hazards as set forth in the Mortgage. The Borrower will execute and deliver the Agreement of Environmental Indemnification.

Section 4.1.33 Name; Principal Place of Business. The Borrower does not use and will not use any trade name, and has not done and will not do business under any name other than its actual name set forth herein. The principal place of business of the Borrower is its primary address for notices as set forth in Section 10.2, and the Borrower has no other place of business, other than the Project and such principal place of business.

Section 4.1.34 Subordinated Debt. There is no secured or unsecured indebtedness with respect to the Project or any residual interest therein, other than Permitted Encumbrances and the permitted secured indebtedness described in Section 6.8.

Section 4.1.35 Filing of Taxes. The Borrower has filed (or has obtained effective extensions for filing) all federal, state and local tax returns required to be filed and has paid or made adequate provision for the payment of all federal, state and local taxes, charges and assessments, if any, payable by the Borrower.

Section 4.1.36 General Tax. All representations, warranties and certifications of the Borrower set forth in the Regulatory Agreement are incorporated by reference herein and the Borrower will comply with such as if set forth herein.

Section 4.1.37 Approval of the Indenture. By its execution and delivery of this Loan Agreement, the Borrower approves the form and substance of the Indenture and the execution thereof by the Issuer and the Trustee, and agrees to carry out the responsibilities and duties specified in the Indenture to be carried out by the Borrower. The Borrower acknowledges that (a) it understands the nature and structure of the transactions relating to the financing of the Project, (b) it is familiar with the provisions of all of the Bond Documents and other documents and instruments relating to the financing, (c) it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project, and (d) it has not relied on the Issuer, the Trustee, the Bondholder Representative or the Servicer for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Bond Documents or otherwise relied on the Issuer, the Trustee, the Bondholder Representative or the Servicer in any manner.

Section 4.1.38 [Reserved].

Section 4.1.39 American with Disabilities Act. The Project, as designed, will conform in all material respects with all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project, including, but not limited to, the Americans with Disabilities Act of 1990 ("ADA"), to the extent required (as evidenced by an architect's certificate to such effect).

Section 4.1.40 [Reserved].

Section 4.1.41 Requirements of Act and Code. The Project satisfies all requirements of the Act and the Code with respect to multifamily rental housing.

Section 4.1.42 Regulatory Agreement. The Project is, as of the date of issuance of the Bonds, in compliance with all requirements of the Regulatory Agreement to the extent such requirements are applicable; and the Borrower intends to cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement, including all applicable requirements of the Act and the Code, and pursuant to leases which comply with all applicable laws.

Section 4.1.43 Intention to Hold Project. The Borrower intends to hold the Project for its own account and has no current plans, and has not entered into any agreement, to sell the Project or any part of it; and the Borrower intends to occupy the Project or cause the Project to be occupied and to operate it or cause it to be operated at all times during the term of this Loan Agreement in compliance with the terms of the Regulatory Agreement and does not know of any

reason why the Project will not be so used by it in the absence of circumstances not now anticipated by it or totally beyond its control.

Section 4.1.44 [Reserved].

Section 4.1.45 [Reserved].

Section 4.2 Issuer Representations. The Issuer makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Issuer is a political subdivision of the State of California. The Issuer has authorized the execution and delivery of this Loan Agreement and the Indenture.

(b) The Issuer has determined that the Loan will further the purposes of the Act and will serve the public purposes of the Act referenced in the Resolution.

(c) The Issuer has full power and authority to consummate all transactions contemplated by this Loan Agreement, the Bonds and the Indenture and any and all other agreements relating thereto.

Section 4.3 Survival of Representations and Covenants. All of the representations and warranties in Section 4.1 and 4.2 and elsewhere in the Bond Documents (i) shall survive for so long as any portion of the Borrower Payment Obligations remains due and owing and (ii) shall be deemed to have been relied upon by the Servicer, the Trustee, the Bondholder Representative and the Bondholders notwithstanding any investigation heretofore or hereafter made by the Servicer, the Trustee, the Bondholder Representative or the Bondholders or on its behalf, provided, however, that the representations, warranties and covenants set forth in Section 4.1.32 and 5.10 shall survive in perpetuity and shall not be subject to the exculpation provisions of Section 11.1.

ARTICLE V

AFFIRMATIVE COVENANTS

During the term of this Loan Agreement, the Borrower hereby covenants and agrees with the Bondholders, the Trustee, the Issuer, the Bondholder Representative and the Servicer that:

Section 5.1 Existence. The Borrower shall (i) do or cause to be done all things necessary to preserve, renew and keep in full force and effect its existence and its material rights, and franchises, (ii) continue to engage in the business presently conducted by it, (iii) obtain and maintain all material Licenses, and (iv) qualify to do business and remain in good standing under the laws of each jurisdiction.

Section 5.2 Taxes and Other Charges. The Borrower shall pay all Taxes and Other Charges as the same become due and payable in accordance with the Mortgage, except to the extent that the amount, validity or application thereof is being contested in good faith as permitted by the Mortgage.

The Borrower covenants to pay all taxes and assessments of any type or character charged to the Issuer or to the Trustee affecting the amount available to the Issuer or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee or the Issuer and taxes based upon or measured by the net income of the Trustee or the Issuer; provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Issuer or the Trustee, at the Borrower's expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Issuer or the Trustee. This obligation shall remain valid and in effect notwithstanding repayment of the loan hereunder or termination of this Loan Agreement or the Indenture.

Section 5.3 Repairs; Maintenance and Compliance; Physical Condition. The Borrower shall cause the Project to be maintained in a good, habitable and safe (so as to not threaten the health or safety of the Project's tenants or their invited guests) condition and repair (reasonable wear and tear excepted) as set forth in the Mortgage and shall not remove, demolish or materially alter the Improvements or Equipment (except for removal of aging or obsolete equipment or furnishings in the normal course of business), except as provided in the Mortgage. After completion of rehabilitation and repairs, no structural or other material defect or damages to the Project will exist, whether latent or otherwise.

Section 5.4 Litigation. The Borrower shall give prompt Written Notice to the Issuer, the Servicer, the Trustee and the Bondholder Representative of any litigation, governmental proceedings or claims or investigations regarding an alleged actual violation of a Legal Requirement pending or, to the Borrower's knowledge, threatened against the Borrower which

might materially adversely affect the Borrower's condition (financial or otherwise) or business or the Project.

Section 5.5 Performance of Other Agreements. The Borrower shall observe and perform in all material respects each and every term to be observed or performed by it pursuant to the terms of any agreement or instrument affecting or pertaining to the Project.

Section 5.6 Notices. The Borrower shall promptly advise the Issuer, the Servicer, the Trustee and the Bondholder Representative of (i) any material adverse change in the Borrower's condition, financial or otherwise, other than general changes in the real estate market, (ii) any fact or circumstance affecting the Borrower or the Project that materially and adversely affects the Borrower's ability to meet its obligations hereunder or under any of the other Bond Document to which it is a party in a timely manner, or (iii) the occurrence of any Default or Loan Agreement Default of which the Borrower has knowledge. The Borrower shall cause to be delivered to the Servicer, the Trustee and the Bondholder Representative any Securities and Exchange Commission or other public filings, if any, of the Borrower within two (2) business days of such filing.

Section 5.7 Cooperate in Legal Proceedings. The Borrower shall cooperate fully with the Servicer, the Trustee and the Bondholder Representative with respect to, and permit the Servicer, the Trustee and the Bondholder Representative, at their option, to participate in, any proceedings before any Governmental Authority that may in any way affect the rights of Bondholders under any Bond Document.

Section 5.8 Further Assurances. The Borrower shall, at the Borrower's sole cost and expense (except as provided in Section 9.1 hereof), (i) furnish to the Servicer, the Bondholder Representative all instruments, documents, boundary surveys, footing or foundation surveys, certificates, plans and specifications, appraisals, title and other insurance reports and agreements, reasonably requested by the Servicer or the Bondholder Representative; (ii) execute and deliver to the Servicer, the Bondholder Representative such documents, instruments, certificates, assignments and other writings, and do such other acts necessary or desirable, to evidence, preserve and/or protect the collateral at any time securing or intended to secure the Bonds, as the Servicer and the Bondholder Representative may reasonably require from time to time; (iii) do and execute all and such further lawful and reasonable acts, conveyances and assurances for the better and more effective carrying out of the intents and purposes of the Bond Documents, as the Servicer or the Bondholder Representative shall reasonably require from time to time; and (iv) upon the Servicer's or Bondholder Representative's request therefor given from time to time after the occurrence of any Default or Loan Agreement Default for so long as such Default or Loan Agreement Default, as applicable, is continuing pay for (a) reports of UCC, federal tax lien, state tax lien, judgment and pending litigation searches with respect to the Borrower and (b) searches of title to the Project, each such search to be conducted by search firms reasonably designated by the Servicer or the Bondholder Representative in each of the locations reasonably designated by the Servicer, the Bondholder Representative.

Section 5.9 Delivery of Financial Information. After notice to the Borrower of a Secondary Market Transaction, the Borrower shall, concurrently with any delivery to the Servicer, deliver copies of all financial information required under the Mortgage or any

additional information as may be reasonably requested by the Bondholder Representative to the Rating Agencies, the Bondholder Representative, any trustee or any other party reasonably requested by the Bondholder Representative.

Section 5.10 Environmental Matters. So long as the Borrower owns or is in possession of the Project, the Borrower shall (a) keep the Project in compliance with all Hazardous Materials Laws, (b) promptly notify the Servicer, the Trustee, the Issuer and the Bondholder Representative if the Borrower shall become aware that any Hazardous Materials (as defined in the Mortgage) is on or near the Project in violation of Hazardous Materials Laws, and (c) commence and thereafter diligently prosecute to completion all remedial work necessary with respect to the Project required under any Hazardous Material Laws, in each case as set forth in the Mortgage or the Agreement of Environmental Indemnification.

Section 5.11 Title to the Project. The Borrower will warrant and defend the title to the Project, and the validity and priority of the Lien of the Mortgage, subject only to Permitted Encumbrances, against the claims of all Persons.

Section 5.12 Issuer's Annual Fees. The Borrower covenants to pay the annual fee of the Issuer, payable as set forth in Section 20 of the Regulatory Agreement, and the reasonable fees and expenses of the Issuer or any agents, attorneys, accountants, consultants selected by the Issuer to act on its behalf in connection with this Loan Agreement, the Regulatory Agreement and the other Bond Documents, Loan Documents, the Bonds or the Indenture, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of the Bonds or in connection with any litigation which may at any time be instituted involving this Loan Agreement, the Regulatory Agreement, the Loan Agreement, the other Bond Documents, Loan Documents, the Bonds or the Indenture or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the foregoing. This obligation shall remain valid and in effect notwithstanding repayment of the loan hereunder or termination of this Loan Agreement or the Indenture. In the event of any conflict between this section and the Regulatory Agreement, the terms of the Regulatory Agreement shall control.

Section 5.13 Estoppel Statement. The Borrower shall furnish to the Servicer or the Bondholder Representative for the benefit of the Issuer, the Trustee, the Bondholder Representative and the Servicer within ten (10) days after request by the Servicer, with a statement, duly acknowledged and certified, setting forth (i) the unpaid principal of the Note, (ii) the Note Coupon Rate, (iii) the date installments of interest and/or principal were last paid, (iv) any offsets or defenses to the payment of the Borrower Payment Obligations, and (v) that the Bond Documents to which the Borrower is a party are valid, legal and binding obligations of the Borrower and have not been modified or, if modified, giving particulars of such modification, and no Event of Default exists thereunder or specify any Event of Default that does exist thereunder. The Borrower shall furnish to the Servicer or the Bondholder Representative, within 30 days of a request by the Servicer, tenant estoppel certificates from each commercial tenant at the Project in form and substance reasonably satisfactory to the Servicer and the Bondholder Representative; provided that the Servicer and the Bondholder Representative shall not make such requests more frequently than twice in any year.

Section 5.14 [Reserved].

Section 5.15 [Reserved].

Section 5.16 [Reserved].

Section 5.17 Expenses. The Borrower shall pay all reasonable expenses incurred by the Issuer, the Trustee, the Servicer and the Bondholder Representative (except as provided in Section 9.1 of this Loan Agreement) in connection with the Bonds, including reasonable fees and expenses of the Issuer's, the Trustee's, the Servicer's and the Bondholder Representative's attorneys, environmental, engineering and other consultants, and fees, charges or taxes for the recording or filing of Bond Documents. The Borrower shall pay all reasonable expenses of the Issuer, the Trustee, the Servicer and the Bondholder Representative (except as provided in Section 9.1 of this Loan Agreement) in connection with the issuance or administration of the Bonds, including audit costs, inspection fees, settlement of condemnation and casualty awards, and premiums for title insurance and endorsements thereto. The Borrower shall, upon request, promptly reimburse the Issuer, the Trustee, the Servicer and the Bondholder Representative for all reasonable amounts expended, advanced or incurred by the Issuer, the Trustee, the Servicer and the Bondholder Representative to collect the Note, or to enforce the rights of the Issuer, the Trustee, the Servicer and the Bondholder Representative under this Loan Agreement or any other Loan Document, or to defend or assert the rights and claims of the Issuer, the Trustee, the Servicer and the Bondholder Representative under the Bond Documents arising out of a Loan Agreement Default or with respect to the Project (by litigation or other proceedings) arising out of a Loan Agreement Default, which amounts will include all court costs, attorneys' fees and expenses, fees of auditors and accountants, and investigation expenses as may be reasonably incurred by the Issuer, the Trustee, the Servicer and the Bondholder Representative in connection with any such matters (whether or not litigation is instituted), together with interest at the Default Rate on each such amount from the date of disbursement until the date of reimbursement to the Issuer, the Trustee, the Servicer and the Bondholder Representative, all of which shall constitute part of the Loan and shall be secured by the Bond Documents. The obligations and liabilities of the Borrower under this Section 5.17 shall survive the Term of this Loan Agreement and the exercise by the Issuer, the Servicer, the Bondholder Representative or the Trustee, as the case may be, of any of its rights or remedies under the Bond Documents, including the acquisition of the Project by foreclosure or a conveyance in lieu of foreclosure.

The Borrower shall not be responsible for any costs associated with any securitization of the Bonds.

Section 5.18 Indemnity. To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Issuer, the Bondholder Representative, the Servicer and the Trustee and each of their respective officers, governing members, directors, officials, employees, attorneys and agents (each an "Indemnified Party"), against any and all losses, damages, claims, actions, liabilities, reasonable costs and expenses of any nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement (to the extent that the Borrower has consented to such settlement) and amounts paid to discharge judgments) (hereinafter, the "Liabilities") to which the Indemnified Parties, or any of them, may become subject under federal or state securities laws or any other

statutory law or at common law or otherwise, to the extent arising out of or based upon or in any way relating to:

(i) The Bond Documents or the execution or amendment thereof or in connection with transactions contemplated thereby, including the issuance, sale, transfer or resale of the Bonds, except with respect to the amendments and transactions occurring on the Closing Date and any Secondary Market Disclosure Document (other than any Borrower's obligations under Article IX);

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

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

(iv) Any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof during the period in which the Borrower is in possession or control of the Project;

(v) The enforcement of, or any action taken by the Issuer, the Trustee or the Bondholder Representative related to remedies under, this Loan Agreement, the Indenture and the other Bond Documents;

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

(vii) Any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower contained in any offering statement or document for the Bonds or any of the Bond Documents to which the Borrower is a party, or any omission or alleged omission by the Borrower from any offering statement or document for the bonds of any material fact necessary to be stated therein in order to make the statements made therein by the Borrower, in the light of the circumstances under which they were made, not misleading;

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

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

except (a) in the case of the foregoing indemnification of the Bondholder Representative, the Servicer and the Trustee or any related Indemnified Party, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party or any breach by such party of its obligations under any of the Bond Documents or any untrue statement or misleading statement of a material fact by such Indemnified Party contained in any offering statement or document for the Bonds or any of the Bond Documents or any omission or alleged omission from any such offering statement or document of any material fact necessary to be stated therein in order to make the statements made therein by such Indemnified Party not misleading; or (b) in the case of the foregoing indemnification of the Issuer or any related Indemnified Party, they shall not be indemnified by the Borrower with respect to liabilities arising from their own bad faith, fraud or willful misconduct. Notwithstanding anything herein to the contrary, the Borrower's indemnification obligations to the parties specified in Section 9.1.4 with respect to any securitization or Secondary Market Transaction described in Article IX hereof shall be limited to the indemnity set forth in Section 9.1.4 hereof. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party (which notice shall be timely given so as not to materially impair the Borrower's right to defend), shall assume the investigation and defense thereof, including the employment of counsel reasonably approved by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement, which approval shall not be unreasonably withheld. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof; provided however the Issuer has the absolute right to employ separate counsel at the expense of the Borrower. The Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party other than the Issuer may only employ separate counsel at the expense of the Borrower if and only if in such Indemnified Party's good faith judgment (based on the advice of counsel) a conflict of interest exists or could arise by reason of common representation except that the Borrower shall always pay the reasonable fees and expenses of the Issuer's separate counsel.

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

The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to Section 11.3 shall survive the final payment or defeasance of the Bonds and in the case of the Trustee any resignation or removal. The provisions of this Section shall survive the termination of this Loan Agreement. Nothing within

this Section shall limit the rights of each Indemnified Party to indemnity under the Regulatory Agreement.

Nothing in this Section 5.19 shall in any way limit the Borrower's indemnification and other payment set forth in the Regulatory Agreement.

Section 5.19 No Warranty of Condition or Suitability by the Issuer. The Issuer makes no warranty, either express or implied, as to the condition of the Project or that it will be suitable for the Borrower's purposes or needs.

Section 5.20 Right of Access to the Project. The Borrower agrees that the Issuer, the Trustee, the Servicer and the Bondholder Representative, and their duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right, but no obligation at all reasonable times during business hours and upon reasonable notice, to enter onto the Land (a) to examine, test and inspect the Project without material interference or prejudice to the Borrower's operations and (b) to perform such work in and about the Project made necessary by reason of the Borrower's default under any of the provisions of this Loan Agreement. The Issuer, the Trustee, the Servicer, the Bondholder Representative, and their duly authorized agents, attorneys, accountants and representatives shall also be permitted, without any obligation to do so, at all reasonable times and upon reasonable notice during business hours, to examine the books and records of the Borrower with respect to the Project.

Section 5.21 [Reserved].

Section 5.22 [Reserved].

Section 5.23 Tax Covenants. The Borrower covenants that it will comply with the requirements and conditions of the Tax Certificate and the Regulatory Agreement. Without limiting the foregoing and notwithstanding anything to the contrary in this Agreement:

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

(b) the Borrower will not take, or permit to be taken on its behalf, any action which would cause the interest payable on the Bonds to be included in gross income, for federal income tax purposes, and will take such action as may be necessary in the Opinion of Bond Counsel to continue such exclusion from gross income, including, without limitation the following:

(i) the preparation and filing of all statements required to be filed by it in order to maintain the exclusion (including, but not limited to, the filing of all reports and certifications required by the Regulatory Agreement);

(ii) the timely payment to the United States of America of any rebate amount required to be paid by the Issuer or the Borrower pursuant to Section 148(f) of the Code and the Treasury Regulations under Section 148 of the Code; and

(iii) the use of not less than 97% of the net proceeds of the Bonds (within the meaning of Section 142(a) of the Code) for Qualified Project Costs;

(c) in order to satisfy the requirements set forth in subpart (4) of the definition of “program investment” that appears in Section 1.148-1(b) of the Treasury Regulations (which requirements must be met in order for the Loan to qualify as a program investment within the meaning of that section, neither the Borrower nor any related person (within the meaning of “program investment”) will purchase Bonds in an amount related to the amount of the Loan;

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

(e) the Borrower will comply with the requirements of Section 148 of the Code and the Treasury Regulations issued under Section 148 of the Code throughout the term of the Bonds and will not make any use of the proceeds of the Bonds, or of any other funds which may be deemed to be proceeds of the Bonds under the Treasury Regulations, which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code and the Treasury Regulations; and

(f) if the Borrower becomes aware of any circumstance, event or condition which would result in the interest payable on the Bonds becoming includable in gross income, for federal income tax purposes, the Borrower will promptly give written notice of such circumstance, event or condition to the Issuer, the Trustee, the Servicer and the Bondholder Representative.

Section 5.24 Covenants under Indenture. The Borrower will fully and faithfully perform all the duties and obligations which the Issuer has covenanted and agreed in the Indenture to cause the Borrower to perform and any duties and obligations which the Borrower is required in the Indenture to perform. The foregoing will not apply to any duty or undertaking of the Issuer, which by its nature cannot be delegated or assigned.

Section 5.25 Notice of Default. The Borrower will advise the Issuer, the Trustee, the Servicer, the Swap Provider, if any, and the Bondholder Representative promptly in writing of the occurrence of any Default or Loan Agreement 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.

Section 5.26 Covenant with Bondholders. The Issuer and the Borrower agree that this Loan Agreement is executed and delivered in part to induce the purchase by others of the Bonds and, accordingly, all covenants and agreements of the Issuer and the Borrower contained in this Loan Agreement are hereby declared to be for the benefit of the Trustee, the Bondholder Representative, and the Holders of the Bonds from time to time. Notwithstanding the foregoing, the Bondholder’s rights to enforce this provision of this Loan Agreement are governed by the terms of the Indenture.

Section 5.27 Disclosure Agreement. The Borrower and the Dissemination Agent (as defined therein) shall enter into the Disclosure Agreement to provide for the continuing disclosure of information about the Bonds, the Borrower and other matters as specifically provided for in such agreement. For the purposes of the Disclosure Agreement only, the Dissemination Agent shall act as the agent of the Borrower and not as the agent of the Issuer. The consent of the Issuer shall be required to each amendment to, or modification of, the Disclosure Agreement, which consent shall not be unreasonably withheld. The duties and obligations of the Dissemination Agent under the Disclosure Agreement shall be as set forth in the Disclosure Agreement, and the Dissemination Agent shall be responsible only for its express duties and obligations set forth in the Disclosure Agreement. A default under any Disclosure Agreement shall not be a default under the Indenture, this Loan Agreement or any of the other Bond Documents.

Section 5.28 [Reserved].

ARTICLE VI

NEGATIVE COVENANTS

Until the end of the Term, the Borrower covenants and agrees that it will not, directly or indirectly:

Section 6.1 Management Agreement. The Bondholder Representative has given its Written Consent to the Management Agreement. From and following the Closing, the Borrower shall not, without the Bondholder Representative's prior Written Consent (which consent shall not be unreasonably withheld) and subject to the Regulatory Agreement: (i) surrender, terminate or cancel the Management Agreement or otherwise replace the Manager or enter into any other management agreement; (ii) reduce or consent to the reduction of the term of the Management Agreement; (iii) increase or consent to the increase of the amount of any charges under the Management Agreement; (iv) otherwise modify, change, supplement, alter or amend in any material respect, or waive or release in any material respect any of its rights and remedies under, the Management Agreement; or (v) suffer or permit the occurrence and continuance of a default beyond any applicable cure period under the Management Agreement (or any successor management agreement) if such default permits the Manager to terminate the Management Agreement (or such successor management agreement).

Section 6.2 Liens. Without the Bondholder Representative's prior Written Consent, create, incur, assume, permit or suffer to exist any mechanic's, materialmen's or other Lien on any portion of the Project, except Permitted Encumbrances, unless such Lien is bonded or discharged within 30 days after the Borrower first receives notice of such Lien or unless the Borrower is contesting such Lien in accordance with the Mortgage.

Section 6.3 Dissolution. Dissolve or liquidate, in whole or in part, merge with or consolidate into another Person.

Section 6.4 Change in Business or Operation of Property. Enter into any line of business other than the ownership and operation of the Project, or make any material change in the scope or nature of its business objectives, purposes or operations, or undertake or participate in activities other than the continuance of its present business and activities incidental or related thereto or otherwise cease to operate the Project as a multi-family property or terminate such business for any reason whatsoever (other than temporary cessation in connection with rehabilitation of the Project).

Section 6.5 Debt Cancellation. Cancel or otherwise forgive or release any claim or debt owed to the Borrower by a Person, except for adequate consideration or in the ordinary course of the Borrower's business in its reasonable judgment.

Section 6.6 Assets. Purchase or own any real property or personal property incidental thereto other than the Project.

Section 6.7 Transfers. Make, suffer or permit the occurrence of any Transfer other than a transfer permitted under the Mortgage, nor transfer any material License required for the operation of the Project.

Section 6.8 Debt. Create, incur or assume any indebtedness for borrowed money (including subordinate debt) whether unsecured or secured by all or any portion of the Project or interest therein or in the Borrower or any partner thereof (including subordinate debt) other than the Borrower Payment Obligations and secured indebtedness incurred pursuant to or permitted by the Bond Documents or approved by the Bondholder Representative. Bondholder Representative acknowledges that Borrower contemplates obtaining supplemental subordinate financing from Bondholder's affiliate in the future. Such additional debt shall be subordinate in all respects to the Loan except (i) with the consent of the Issuer, which shall not be unreasonably withheld, and (ii) upon receipt by the Issuer of an Opinion of Bond Counsel to the effect that the incurrence of such additional debt by the Borrower will not, in and of itself, adversely affect the exclusion from gross income of interest on the Bonds.

Section 6.9 Assignment of Rights. Without the Bondholder Representative's prior Written Consent, attempt to (i) assign the Borrower's rights or interest under any Bond Document in contravention of any Bond Document or (ii) surrender the Borrower's fee interest in the Land.

Section 6.10 Principal Place of Business. Change its principal place of business without providing 30 days' prior Written Notice of the change to the Trustee, the Servicer and the Bondholder Representative.

Section 6.11 Partnership Agreement. Without the Bondholder Representative's prior written consent (which consent shall not be unreasonably withheld) surrender, terminate, cancel, modify, change, supplement, alter or amend in any material respect, or waive or release in any material respect, any of its rights or remedies under the Partnership Agreement.

Section 6.12 ERISA. Maintain, sponsor, contribute to or become obligated to contribute to, or suffer or permit any ERISA Affiliate of the Borrower to, maintain, sponsor, contribute to or become obligated to contribute to, any Plan, or permit the assets of the Borrower to become "plan assets," whether by operation of law or under regulations promulgated under ERISA.

Section 6.13 [Reserved].

Section 6.14 Tax Exemption. The Borrower covenants, represents and agrees that it will not take or omit to take or permit any action within the Borrower's control that would adversely affect the exclusion of interest on the Bonds from the gross income of the recipients thereof for federal income tax purposes and, if it should take or permit any such action, the Borrower will take all lawful actions that it can take to rescind such action promptly upon having knowledge thereof and that the Borrower will take such action or actions, including amendment of this Loan Agreement, the Mortgage and the Regulatory Agreement, as may be necessary, in the opinion of Bond Counsel, to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service applicable to the Bonds or affecting the Project.

The Borrower will not make or permit any use, and will not direct the Trustee to make any investment or use of the proceeds of any of the Bonds, which would cause any of the Bonds

to be “arbitrage bonds” within the meaning of Section 148 of the Code and the Regulations thereunder as the same may be applicable to the Bonds at the time of such action, investment or use and agrees to take and cause the Issuer and Trustee to take all actions required to comply with the provisions of Section 148 of the Code.

The Borrower further covenants and agrees that it will comply with and will take all action reasonably required, to the extent such action is within the Borrower’s control, to insure that the Trustee complies with all applicable requirements of said Section 148 and the rules and regulations of the United States Treasury Department thereunder relating to the Bonds and the interest thereon, including the employment of a Rebate Analyst for the calculation of any rebatable amount (the “Rebate Amount”) to the United States Treasury Department. The Borrower agrees that it will cause the Rebate Analyst to calculate the Rebate Amount not later than forty-five (45) days after the fifth anniversary of the Closing Date and each five (5) years thereafter and agrees that the Borrower will pay all costs associated therewith. Within 15 days of the date of each such calculation, the Borrower shall promptly deliver a report or letter from the Rebate Analyst setting forth the Rebate Amount, if any, then due and the methods used to calculate such amount (each a “Rebate Report”) to the Issuer and the Trustee and the Rebate Amount to the Trustee. In addition, the Borrower shall prepare, or cause the Rebate Analyst to prepare, and deliver to the Trustee any forms required by the Internal Revenue Service to be submitted with the Rebate Amount, if any, and the addresses to which such forms must be sent at the same time the related Rebate Report is delivered to the Trustee.

Neither the Borrower nor any Related Person shall, pursuant to any arrangement, formal or informal, purchase any of the Bonds, unless the Borrower or such Related Person delivers a Favorable Opinion of Bond Counsel to the Trustee and the Issuer, except as contemplated in the Indenture.

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

The Borrower will not make any changes in the Project that would, at the time made, cause the average reasonably expected economic life of the Project, determined pursuant to Section 147(b) of the Code, to be less than the average reasonably expected economic life of the Project set forth in such certificates or letters of representation of the Borrower, unless the Borrower files with the Trustee a Favorable Opinion of Bond Counsel that such changes to the Project will not result in loss of the exclusion of interest on the Bonds from gross income for federal income tax purposes.

No portion of the proceeds of the Bonds will be used to acquire existing property or any interest therein unless such acquisition meets the rehabilitation requirements of Section 147(d) of the Code.

ARTICLE VII

INSURANCE; CASUALTY; AND CONDEMNATION

Section 7.1 Insurance. The Borrower, at its sole cost, for the mutual benefit of the Borrower and the Trustee, as representative of the Bondholders, shall obtain and maintain during the Term the policies of insurance required by Section 19 of the Mortgage. All policies of insurance required pursuant to this Section shall conform to the requirements set forth in the Mortgage. The Borrower shall deliver to the Servicer a certified copy of each policy within 30 days after its effective date.

Section 7.2 Casualty. If the Project is damaged or destroyed, in whole or in part, by fire or other casualty (a "Casualty"), the Borrower shall give prompt notice thereof to the Servicer, the Trustee, the Issuer and the Bondholder Representative.

Section 7.3 Condemnation. The Borrower shall promptly give the Servicer, the Issuer, the Bondholder Representative, and the Trustee notice of the actual or threatened commencement of any Condemnation proceeding affecting the Project and shall deliver to the Servicer, the Issuer and the Trustee copies of any and all papers served in connection with such Condemnation.

ARTICLE VIII

DEFAULTS

Section 8.1 Loan Agreement Defaults. Each of the following events shall constitute a “Loan Agreement Default”:

(a) failure by the Borrower to pay any Monthly Loan Payment or Additional Payment within five (5) days after the date such payment is due;

(b) failure by the Borrower to prepay the Note on the date such payment is due as required by Section 2.12;

(c) failure by or on behalf of the Borrower to pay when due any amount (other than as provided in subsections (a) or (b) above) required to be paid by the Borrower under this Loan Agreement, the Note, the Mortgage or any of the other Bond Documents, including a failure to repay any amounts that have been previously paid but are recovered, attached or enjoined pursuant to any insolvency, receivership, liquidation or similar proceedings, which default remains uncured for a period of five (5) days after Written Notice thereof shall have been given to the Borrower;

(d) a Transfer other than a transfer permitted under the Mortgage occurs;

(e) any representation or warranty made by the Borrower in any Bond Document to which it is a party, or in any report, certificate, financial statement or other instrument, agreement or document furnished by the Borrower in connection with any Bond Document, shall be false or misleading in any material respect as of the Closing Date;

(f) the Borrower shall make a general assignment for the benefit of creditors, or shall generally not be paying its debts as they become due;

(g) an Act of Bankruptcy with respect to the Borrower or any Guarantor;

(h) an event of default of the Borrower as defined or described in any other Bond Document to which the Borrower is a party occurs and any applicable notice and or cure period has expired;

(i) the Borrower shall continue to be in Default under any of the other terms, covenants or conditions of this Loan Agreement (other than paragraphs (a) (h) above) for 30 days after notice from the Trustee, the Bondholder Representative or the Servicer in the case of such other Default; provided, however, that if such other Default under this paragraph (i) is susceptible of cure but cannot reasonably be cured within such thirty (30) day period, and the Borrower shall have commenced to cure such Default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for an additional period of time as is reasonably necessary for the Borrower in the exercise of due diligence to cure such Default, such additional period not to exceed 60 days;

(j) the Managing General Partner shall make a general assignment for the benefit of creditors, shall generally not be paying its debts as they become due, or an Act of Bankruptcy with respect to the Managing General Partner shall occur, unless in all cases the Managing General Partner is replaced with a substitute Managing General Partner that satisfies the requirements of Section 21(b)(7)(iii)(A) or (B) of the Mortgage;

(k) an event of default as defined in and pursuant to the Swap Agreement, if any, occurs and any applicable notice and or cure period has expired.

After a Responsible Officer of the Trustee obtains actual knowledge of the occurrence of a Loan Agreement Default, the Trustee shall give Written Notice thereof to the Issuer, the Borrower, the Bondholder Representative and the Servicer.

Section 8.2 Remedies.

Section 8.2.1 Acceleration. Upon the occurrence of an Event of Default (other than an Event of Default described in paragraph (f) or (g) of Section 8.1) and at any time and from time to time thereafter, as long as such Event of Default continues to exist, in addition to any other rights or remedies available to the Trustee pursuant to the Bond Documents or at law or in equity, the Trustee shall, at the Written Direction of the Bondholder Representative, take such action, without notice or demand, as the Bondholder Representative deems advisable to protect and enforce its rights against the Borrower and in and to the Project, including declaring the Borrower Payment Obligations to be immediately due and payable (including, without limitation, the principal of, Prepayment Premium, if any, and interest on and all other amounts due on the Note to be immediately due and payable), without notice or demand, and apply such payment of the Borrower Payment Obligations to the redemption of the Bonds pursuant to Section 6.4 of the Indenture; and upon any Event of Default described in paragraph (f) or (g) of Section 8.1, the Borrower Payment Obligations shall become immediately due and payable at the Bondholder Representative's election, in the Bondholder Representative's sole discretion (as the case may be), without notice or demand, and the Borrower hereby expressly waives any such notice or demand, anything contained in any Bond Document to the contrary notwithstanding. Notwithstanding anything herein to the contrary, enforcement of remedies hereunder and under the Indenture shall be controlled by the Bondholder Representative.

Section 8.2.2 Remedies Cumulative. Upon the occurrence of a Loan Agreement Default, all or any one or more of the rights, powers, privileges and other remedies available to the Trustee against the Borrower under the Bond Documents or at law or in equity may be exercised by the Trustee, at the Written Direction of the Bondholder Representative, at any time and from time to time, whether or not all or any of the Borrower Payment Obligations shall be declared due and payable, and whether or not the Trustee or the Bondholder Representative shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Bond Documents. Any such actions taken by the Trustee or the Bondholder Representative shall be cumulative and concurrent and may be pursued independently, singly, successively, together or otherwise, at such time and in such order as the Bondholder Representative may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of the Trustee or the Bondholder Representative permitted by law, equity or contract or as set forth in the Bond

Documents. Without limiting the generality of the foregoing, the Borrower agrees that if a Loan Agreement Default is continuing, all Liens and other rights, remedies or privileges provided to the Trustee and Bondholder Representative shall remain in full force and effect until they have exhausted all of its remedies, the Mortgage has been foreclosed, the Project has been sold and/or otherwise realized upon satisfaction of the Borrower Payment Obligations or the Borrower Payment Obligations has been paid in full. To the extent permitted by applicable law, nothing contained in any Bond Document shall be construed as requiring the Trustee or Bondholder Representative to resort to any portion of the Project for the satisfaction of any of the Borrower Payment Obligations in preference or priority to any other portion, and the Trustee or Bondholder Representative may seek satisfaction out of the entire Property or any part thereof, in its absolute discretion.

Notwithstanding any provision herein to the contrary, the Issuer, the Trustee and the Bondholder Representative agree that any cure of any default made or tendered by the Investor Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 8.2.3 Delay. No delay or omission to exercise any remedy, right, power accruing upon a Loan Agreement Default, or the granting of any indulgence or compromise by the Trustee or the Bondholder Representative shall impair any such remedy, right or power hereunder or be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Default or Loan Agreement Default shall not be construed to be a waiver of any subsequent Default or Loan Agreement Default or to impair any remedy, right or power consequent thereon. Notwithstanding any other provision of this Loan Agreement, the Trustee and the Bondholder Representative reserve the right to seek a deficiency judgment or preserve a deficiency claim, in connection with the foreclosure of the Mortgage to the extent necessary to foreclose on other part of the Project, the Rents, the funds or any other collateral.

Section 8.2.4 Bondholder Representative's and Trustee's Right to Perform the Obligations. If the Borrower shall fail, refuse or neglect to make any payment or perform any act required by the Bond Documents, then while any Loan Agreement Default exists, and without notice to or demand upon the Borrower and without waiving or releasing any other right, remedy or recourse the Trustee or the Bondholder Representative may have because of such Loan Agreement Default, the Trustee or the Bondholder Representative may (but shall not be obligated to) make such payment or perform such act for the account of and at the expense of the Borrower, and shall have the right to enter upon the Project for such purpose and to take all such action thereon and with respect to the Project as it may deem necessary or appropriate. If the Trustee or the Bondholder Representative shall elect to pay any sum due with reference to the Project, the Trustee or the Bondholder Representative may do so in reliance on any bill, statement or assessment procured from the appropriate governmental authority or other issuer thereof without inquiring into the accuracy or validity thereof. Similarly, in making any payments to protect the security intended to be created by the Bond Documents, the Trustee or the Bondholder Representative shall not be bound to inquire into the validity of any apparent or threatened adverse title, lien, encumbrance, claim or charge before making an advance for the purpose of preventing or removing the same. All sums paid by the Trustee or the Bondholder Representative pursuant to this Section 8.2.4, and all other sums expended by the Trustee or the

Bondholder Representative, to which any of them shall be entitled to be indemnified, together with interest thereon at the Default Rate from the date of such payment or expenditure until paid, shall constitute additions to all amounts payable with respect to the Bonds, shall be secured by the Bond Documents and shall be paid by the Borrower to the Trustee or the Bondholder Representative upon demand.

Section 8.2.5 Trustee's Exercise of the Issuer's Remedies. Whenever any Loan Agreement Default shall have occurred and be continuing, the Trustee may at the Written Direction of the Bondholder Representative, but shall not be obligated to, exercise any or all of the rights of the Issuer under this Article, upon notice as required of the Issuer unless the Issuer has already given the required notice. In addition, the Trustee shall have available to it all of the remedies prescribed by the Indenture. Notwithstanding anything herein to the contrary, the Issuer may not exercise any remedies available to the Issuer against the Borrower under the Bond Documents or at law or in equity in order to enforce its Unassigned Issuer Rights, other than the remedy of specific performance, without the consent of the Bondholder Representative.

Section 8.2.6 Assumption of Obligations. In the event that the Trustee, the Bondholders and the Bondholder Representative or their respective assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of the Borrower under this Loan Agreement, the Note, the Regulatory Agreement, and any other Bond Documents to which the Borrower is a party. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

It is the intention of the parties hereto that upon the occurrence and continuance of a Loan Agreement Default, rights and remedies may be pursued pursuant to the terms of the Bond Documents. The parties hereto acknowledge that, among the possible outcomes to the pursuit of such remedies, is the situation where the Trustee or the Bondholder Representative, the Bondholders or their respective assignees or designees becomes the owner of the Project and assumes the obligations identified above, and the Note, the Bonds and the other Bond Documents remain outstanding.

Section 8.2.7 Right to Directly Enforce. Notwithstanding any other provision hereof to the contrary, the Bondholder Representative shall have the right to directly enforce all rights and remedies hereunder with or without involvement of the Trustee, provided that only the Issuer may enforce the Unassigned Issuer's Rights and the Trustee may enforce its mortgagee retained rights. In the event that any of the provisions set forth in this Section 8.2.7 are inconsistent with the covenants, terms and conditions of the Mortgage, the covenants, terms and conditions of the Mortgage shall prevail.

ARTICLE IX

SPECIAL PROVISIONS

Section 9.1 Sale of Note and Secondary Market Transaction.

Section 9.1.1 Cooperation. At the Bondholder Representative's request (to the extent not already required to be provided by the Borrower under this Loan Agreement), the Borrower shall use reasonable efforts to satisfy the market standards to which the Bondholder Representative customarily adheres or which may be reasonably required in the marketplace or by the Bondholder Representative in connection with one or more sales or assignments of all or a portion of the Bonds or participations therein or securitizations of single or multi-class securities (the "Securities") secured by or evidencing ownership interests in all or a portion of the Bonds (each such sale, assignment and/or securitization, a "Secondary Market Transaction"). Without limiting the generality of the foregoing, the Borrower shall, so long as the Loan is still Outstanding:

(a) provide such financial and other information with respect to the Bonds, and with respect to the Project, the Borrower, the Manager or the Managing General Partner, (ii) provide financial statements, audited, if available, relating to the Project with customary disclaimers for any forward looking statements or lack of audit, and (iii), at the expense of the Bondholder Representative, perform or permit or cause to be performed or permitted such site inspection, appraisals, surveys, market studies, environmental reviews and reports (Phase I's and, if appropriate, Phase II's), engineering reports and other due diligence investigations of the Project, as may be reasonably requested from time to time by the Bondholder Representative or the Rating Agencies or as may be necessary or appropriate in connection with a Secondary Market Transaction or Exchange Act requirements (the items provided to the Bondholder Representative pursuant to this paragraph (a) being called the "Provided Information"), together, if customary, with appropriate verification of and/or consents to the Provided Information through letters of auditors or opinions of counsel of independent attorneys acceptable to the Bondholder Representative and the Rating Agencies;

(b) make such representations and warranties as of the closing date of any Secondary Market Transaction with respect to the Project, the Borrower and the Bond Documents reasonably acceptable to the Bondholder Representative, consistent with the facts covered by such representations and warranties as they exist on the date thereof; and

(c) execute such amendments to the Bond Documents to accommodate such Secondary Market Transaction so long as such amendment is not adverse to such party in its reasonable discretion;

At the Bondholder Representative's request (to the extent not already required to be provided by the Issuer under this Loan Agreement), the Issuer shall, so long as the Loan is still Outstanding:

(d) provide such information with respect to the Bonds and the existence and activities of the Issuer as is customary in connection with a primary offering of bonds by the Issuer in the public markets, which information shall not include any financial statements or other information about the Issuer itself or its operations (the items provided to the Bondholder Representative pursuant to this paragraph (a) being called the “Issuer Provided Information”);

(e) make such representations and warranties as of the closing date of any Secondary Market Transaction with respect to the Issuer and the Bond Documents as the Bondholder Representative shall reasonably request, which representations and warranties shall in all cases be (i) representations or warranties that the Issuer would customarily make in connection with a primary offering of bonds by the Issuer in the public markets, and (ii) consistent with the facts covered by such representations and warranties as they exist on the date thereof; and

(f) execute such amendments to the Bond Documents as the Bondholder Representative shall reasonably request to accommodate such Secondary Market Transaction so long as such amendment is not adverse to such party in its reasonable discretion.

Neither the Borrower nor the Issuer shall incur any third party or other out-of-pocket costs and expenses in connection with a Secondary Market Transaction, including the costs associated with the delivery of any Provided Information or Issuer Provided Information, or any opinion required in connection therewith, and all such costs, shall be paid by the Bondholder Representative.

Section 9.1.2 Use of Information. The Borrower understands that certain of the Provided Information and the required records may be included in disclosure documents in connection with a Secondary Market Transaction, including a prospectus or private placement memorandum (each, a “Secondary Market Disclosure Document”), or provided or made available to investors or prospective investors in the Securities, the Rating Agencies and service providers or other parties relating to the Secondary Market Transaction. In the event that the Secondary Market Disclosure Document is required to be revised, the Borrower shall cooperate, subject to Section 9.1.1(d), with Bondholder Representative in updating the Provided Information or required records for inclusion or summary in the Secondary Market Disclosure Document or for other use reasonably required in connection with a Secondary Market Transaction by providing all current information pertaining to the Borrower and the Project necessary to keep the Secondary Market Disclosure Document accurate and complete in all material respects with respect to such matters. The Borrower hereby consents to any and all such disclosures of such information.

Section 9.1.3 Borrower Obligations Regarding Secondary Market Disclosure Documents. In connection with a Secondary Market Disclosure Document, the Borrower shall, if requested by the Bondholder Representative, certify in writing that the Borrower has carefully examined those portions of such Secondary Market Disclosure Document, pertaining to the Borrower, the Project or the Manager, and such portions (and portions of any other sections reasonably requested and pertaining to the Borrower, the Project or the Manager) do not contain

any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; provided that the Borrower shall not be required to make any representations or warranties regarding any Provided Information obtained from third party except with respect to information it provided to such parties.

Section 9.1.4 Borrower Indemnity Regarding Filings. In connection with filings under the Exchange Act or the Securities Act of 1933, as amended, the Borrower shall (i) indemnify the Bondholder Representative, the Servicer, the Trustee, the Issuer, its members and the underwriter group for any securities (the "Underwriter Group") for any Liabilities to which the Bondholder Representative or the Underwriter Group may become subject insofar as the Liabilities arise out of or are based upon the omission or alleged omission to state in the Provided Information of a material fact required to be stated in the Provided Information in order to make the statements in the Provided Information, in the light of the circumstances under which they were made not misleading and (ii) reimburse the Servicer, the Bondholder Representative, the Underwriter Group and other indemnified parties listed above for any legal or other expenses reasonably incurred by the Servicer, the Bondholder Representative or the Underwriter Group in connection with defending or investigating the Liabilities. Prior to the Borrower having indemnification duties under this Section, the Bondholder Representative, the Servicer and the Underwriter Group (excluding the Issuer) shall provide the Borrower and the Issuer with cross indemnification acceptable to the Borrower and the Issuer.

Section 9.1.5 Indemnification Procedure. Promptly after receipt by an indemnified party under Section 9.1.4 of notice of the commencement of any action for which a claim for indemnification is to be made against the Borrower, such indemnified party shall notify the Borrower in writing of such commencement, but the omission to so notify the Borrower will not relieve the Borrower from any liability that it may have to any indemnified party hereunder except to the extent that failure to notify causes prejudice to the Borrower. In the event that any action is brought against any indemnified party, and it notifies the Borrower of the commencement thereof, the Borrower will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by Written Notice delivered to the indemnified party promptly after receiving the aforesaid notice of commencement, to assume the defense thereof with counsel selected by the Borrower and reasonably satisfactory to such indemnified party in its sole discretion. After notice from the Borrower to such indemnified party under this Section 9.1.5, the Borrower shall not be responsible for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnified party shall settle or compromise any claim for which the Borrower may be liable hereunder without the prior Written Consent of the Borrower. Notwithstanding any other provision of this Loan Agreement, this Section 9.1.5 shall not apply to any indemnification of the Issuer by the Borrower. In the event of any conflict between this Section 9.1.5 and Section 9 of the Regulatory Agreement, the terms of the Regulatory Agreement shall control.

Section 9.1.6 Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in Section 9.1.4 is for any reason held to be unenforceable by an indemnified party in respect of any Liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under Section 9.1.4,

the Borrower shall contribute to the amount paid or payable by the indemnified party as a result of such Liabilities (or action in respect thereof); provided, however, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) the indemnified parties and the Borrower's relative knowledge and access to information concerning the matter with respect to which the claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) any other equitable considerations appropriate in the circumstances. The parties hereto hereby agree that it may not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

ARTICLE X

MISCELLANEOUS

Section 10.1 [Reserved].

Section 10.2 Notices. All notices, consents, approvals and requests required or permitted hereunder or under any other Bond Document (a “notice”) shall be given in the manner and under the conditions set forth in the Indenture, addressed to the appropriate party at the address set forth in Section 15.1 of the Indenture.

Section 10.3 Brokers and Financial Advisors. The Borrower hereby represents that it has dealt with no financial advisors, brokers, underwriters, placement agents, agents or finders in connection with the Loan, other than those disclosed to the Bondholder Representative and whose fees shall be paid by the Borrower pursuant to a separate agreements. The Borrower and the Bondholder Representative shall indemnify and hold the other harmless from and against any and all claims, liabilities, costs and expenses of any kind in any way relating to or arising from a claim by any Person that such Person acted on behalf of the indemnifying party in connection with the transactions contemplated herein. The provisions of this Section 10.3 shall survive the expiration and termination of this Loan Agreement and the repayment of the Borrower Payment Obligations.

Section 10.4 Survival. This Loan Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by the Issuer of the Loan and the execution and delivery to the Trustee of the Note, and shall continue in full force and effect so long as all or any of the Borrower Payment Obligations is unpaid. All the Borrower’s covenants and agreements in this Loan Agreement shall inure to the benefit of the respective legal representatives, successors and assigns of the Issuer, the Servicer, the Bondholder Representative or the Trustee on behalf of the Bondholders.

Section 10.5 [Reserved].

Section 10.6 Governing Law. This Loan Agreement shall be governed by the laws of the State.

Section 10.7 Modification, Waiver in Writing. No modification, amendment, extension, discharge, termination or waiver of any provision of this Loan Agreement or of any other Bond Document, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in a writing signed by the party against whom enforcement is sought, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein, no notice to or demand on the Borrower shall entitle the Borrower to any other or future notice or demand in the same, similar or other circumstances.

Section 10.8 Delay Not a Waiver. Neither any failure nor any delay on the part of the Servicer, the Trustee, the Bondholder Representative in insisting upon strict performance of any term, condition, covenant or agreement, or exercising any right, power, remedy or privilege hereunder, or under any other Bond Document, shall operate as or constitute a waiver thereof,

nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under any Bond Document, the Trustee, the Servicer and the Bondholder Representative shall not be deemed to have waived any right either to require prompt payment when due of all other amounts due under the Bond Documents, or to declare an Event of Default for failure to effect prompt payment of any such other amount.

Section 10.9 Trial by Jury. The Borrower hereby agrees not to elect a trial by jury of any issue triable of right by jury, and waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist with regard to the Bond Documents, or any claim, counterclaim or other action arising in connection therewith. This waiver of right to trial by jury is given knowingly and voluntarily by the Borrower, and is intended to encompass individually each instance and each issue as to which the right to a trial by jury would otherwise accrue. The Servicer, the Trustee or Bondholder Representative is hereby authorized to file a copy of this paragraph in any proceeding as conclusive evidence of this waiver by the Borrower. This Section in no way affects the right of the Issuer to elect a trial by jury.

Section 10.10 Headings. The Section headings in this Loan Agreement are included herein for convenience of reference only and shall not constitute a part of this Loan Agreement for any other purpose.

Section 10.11 Severability. Wherever possible, each provision of this Loan Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Loan Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Loan Agreement.

Section 10.12 Preferences. The Trustee shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by the Borrower to any portion of the Borrower Payment Obligations. To the extent the Borrower makes a payment to the Servicer or the Trustee, or the Servicer or the Trustee receives proceeds of any collateral, which is in whole or part subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the Borrower Payment Obligations or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by the Servicer or the Trustee.

Section 10.13 Waiver of Notice. The Borrower shall not be entitled to any notices of any nature whatsoever from the Issuer, the Servicer, the Bondholder Representative or the Trustee except with respect to matters for which this Loan Agreement or any other Bond Document specifically and expressly provides for the giving of notice by the Issuer, the Servicer, the Bondholder Representative or the Trustee, as the case may be, to the Borrower and except with respect to matters for which the Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. The Borrower hereby expressly waives the right to receive any notice from the Issuer, the Servicer, the Bondholder Representative or the

Trustee as the case may be with respect to any matter for which no Bond Document specifically and expressly provides for the giving of notice by the Issuer, the Servicer, the Bondholder Representative or the Trustee to the Borrower.

Section 10.14 [Reserved].

Section 10.15 Prior Agreements. This Loan Agreement and the other Bond Documents contain the entire agreement of the parties hereto and thereto in respect of the Loan and the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, whether oral or written, are superseded by the terms of this Loan Agreement and the other Bond Documents.

Section 10.16 Offsets, Counterclaims and Defenses. The Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by the Trustee, the Bondholder Representative or the Servicer with respect to a Monthly Loan Payment. Any assignee of Bondholder's interest in and to the Bond Documents shall take the same free and clear of all offsets, counterclaims or defenses that are unrelated to the Bond Documents which the Borrower may otherwise have against any assignor of such documents, and no such unrelated offset, counterclaim or defense shall be interposed or asserted by the Borrower in any action or proceeding brought by any such assignee upon such documents, and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by the Borrower.

Section 10.17 Publicity. The Bondholder Representative shall have the right to issue press releases, advertisements and other promotional materials describing the Bondholder Representative's participation in the purchasing of the Bonds or the Bond's inclusion in any Secondary Market Transaction effectuated by the Bondholder Representative or one of its Affiliates. All news releases, publicity or advertising by the Borrower or its Affiliates through any media intended to reach the general public, which refers to the Bond Documents, the Loan, the Bondholder Representative, the Servicer or the Trustee in a Secondary Market Transaction, shall be subject to the prior Written Consent of the Bondholder Representative.

Section 10.18 No Usury. The Borrower, the Issuer, the Trustee and the Servicer intend at all times to comply with applicable state law or applicable United States federal law (to the extent that it permits a party to contract for, charge, take, reserve or receive a greater amount of interest than under state law) and that this Section 10.18 shall control every other agreement in the Bond Documents. If the applicable law (state or federal) is ever judicially interpreted so as to render usurious any amount called for under the Note or any other Bond Document, or contracted for, charged, taken, reserved or received with respect to the Borrower Payment Obligations, or if the Trustee's acceleration of the maturity of the Loan or any prepayment by the Borrower or any premium or Late Charge results in the Borrower having paid any interest in excess of that permitted by applicable law, then it is the parties' express intent that all excess amounts theretofore collected by the Servicer or the Trustee shall be credited against the unpaid Principal and all other elements of the Borrower Payment Obligations (or, if the Borrower Payment Obligations has been or would thereby be paid in full, refunded to the Borrower), and the provisions of the Bond Documents immediately be deemed reformed and the amounts thereafter collectible thereunder reduced, without the necessity of the execution of any new

document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for thereunder. All sums paid or agreed to be paid to the Servicer or the Trustee for the use, forbearance or detention of the Loan shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the maximum lawful rate from time to time in effect and applicable to the Loan for so long as the Loan is outstanding. Notwithstanding anything to the contrary contained in any Bond Document, it is not the intention of the Trustee to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration.

Section 10.19 Construction of Documents. The parties hereto acknowledge that they were represented by counsel in connection with the negotiation and drafting of the Bond Documents and that the Bond Documents shall not be subject to the principle of construing their meaning against the party that drafted them.

Section 10.20 No Third Party Beneficiaries. The Bond Documents are solely for the benefit of Bondholders, the Issuer, the Trustee, the Servicer, the Bondholder Representative and the Borrower and nothing contained in any Bond Document shall be deemed to confer upon anyone other than the Bondholders, the Issuer, the Trustee, the Servicer, the Bondholder Representative and the Borrower any right to insist upon or to enforce the performance or observance of any of the obligations contained therein.

Section 10.21 [Reserved].

Section 10.22 Assignment. The Bonds, the Mortgage, the Bond Documents and all Bondholder's or Bondholder Representative's rights, title, obligations and interests therein may be assigned by the Bondholder Representative at any time in its sole discretion, whether by operation of law (pursuant to a merger or other successor in interest) or otherwise. Upon such assignment, all references to Bondholder or Bondholder Representative in this Loan Agreement and in any Bond Document shall be deemed to refer to such assignee or successor in interest and such assignee or successor in interest shall thereafter stand in the place of the Bondholder Representative or subsequent Bondholders. The Borrower may not assign its rights, interests or obligations under this Loan Agreement or under any of the Bond Documents, except only as may be expressly permitted hereby.

Section 10.23 [Reserved].

Section 10.24 Consents. Wherever in this Loan Agreement it is provided that the Issuer, the Servicer, the Bondholder Representative or the Trustee shall, may or must give its approval or consent, or execute supplemental agreements or schedules, the Issuer, the Servicer, the Bondholder Representative or the Trustee may not unreasonably or arbitrarily withhold, delay or refuse such approvals or consents.

Section 10.25 Issuer, Trustee and Bondholder Representative Not in Control; No Partnership. None of the covenants or other provisions contained in this Loan Agreement shall, or shall be deemed to, give the Issuer, the Trustee, the Servicer or the Bondholder Representative

the right or power to exercise control over the affairs or management of the Borrower, the power of the Issuer, the Trustee, the Servicer and the Bondholder Representative being limited to the rights to exercise the remedies referred to in the Bond Documents. The relationship between the Borrower and the Issuer, the Trustee, the Servicer, the Bondholder Representative and the Bondholders is, and at all times shall remain, solely that of debtor and creditor. No covenant or provision of the Bond Documents is intended, nor shall it be deemed or construed, to create a partnership, joint venture, agency or common interest in profits or income between the Borrower and the Issuer, the Trustee, the Servicer, the Bondholder Representative or any Bondholder or to create an equity in the Project in the Issuer, the Trustee, the Servicer, the Bondholder Representative or any Bondholder. Neither the Issuer, the Trustee, the Servicer, the Bondholder Representative nor any Bondholder undertakes or assumes any responsibility or duty to the Borrower or to any other person with respect to the Project or the Loan, except as expressly provided in the Bond Documents; and notwithstanding any other provision of the Bond Documents: (1) the Issuer, the Trustee, the Servicer, the Bondholder Representative and the Bondholders are not, and shall not be construed as, a partner, joint venturer, alter ego, manager, controlling person or other business associate or participant of any kind of the Borrower or its stockholders, members, or partners and the Issuer, the Trustee, the Servicer, the Bondholder Representative and the Bondholders do not intend to ever assume such status; (2) the Issuer, the Trustee, the Servicer, the Bondholder Representative and the Bondholders shall in no event be liable for any the Borrower Payment Obligations, expenses or losses incurred or sustained by the Borrower; and (3) the Issuer, the Trustee, the Servicer, the Bondholder Representative and the Bondholders shall not be deemed responsible for or a participant in any acts, omissions or decisions of the Borrower or its stockholders, members, or partners. The Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bondholders and the Borrower disclaim any intention to create any partnership, joint venture, agency or common interest in profits or income between the Issuer, the Trustee, the Servicer, the Bondholder Representative, the Bondholders and the Borrower, or to create an equity in the Project in the Issuer, the Trustee, the Servicer, the Bondholder Representative or the Bondholders, or any sharing of liabilities, losses, costs or expenses.

Section 10.26 Time of the Essence. Time is of the essence with respect to this Loan Agreement.

Section 10.27 References to Bondholder Representative. The provisions of Section 15.5 of the Indenture pertaining to the Bondholder Representative are incorporated by reference herein.

Section 10.28 Release. The Borrower hereby acknowledges that it is executing this Loan Agreement and each of the Bond Documents to which it is a party as its own voluntary act free from duress and undue influence.

Section 10.29 Assignments to Trustee. It is understood and agreed that all right, title and interest of the Issuer in and to this Loan Agreement (other than the Unassigned Issuer's Rights) are to be pledged and assigned by the Issuer to the Trustee in trust as security for the Bonds under and pursuant to the Indenture. The Borrower consents to such pledge and assignment. The Issuer directs the Borrower, and the Borrower agrees, to pay or cause to be paid to the

Trustee at its corporate trust office listed in Section 10.2 hereof, all payments so assigned pursuant to this Section.

Section 10.30 Term of Loan Agreement. This Loan Agreement shall be in full force and effect until no Bonds are Outstanding under the Indenture and all Bond Obligations and other payment obligations of the Borrower hereunder have been paid in full or the payment thereof has been provided for; except that on and after payment in full of the Note, this Loan Agreement shall be terminated, without further action by the parties hereto; provided, however, that the obligations of the Borrower under Sections 5.17, 5.18, 5.19, 5.23, 6.14, 9.1.4, 9.1.5, 9.1.6 and 10.31 hereof shall survive the termination of this Loan Agreement.

Section 10.31 Reimbursement of Expenses. If, upon or after the occurrence of any Loan Agreement Default or Default, the Issuer, the Trustee, the Bondholder Representative or the Servicer shall employ attorneys or incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained herein, the Borrower will on demand therefor reimburse the Issuer, the Trustee, the Bondholder Representative and the Servicer for fees of such attorneys and such other expenses so incurred.

The Borrower's obligation to pay the amounts required to be paid hereunder and under Section 2.7 hereof shall be subordinate to its obligations to make payments under the Note, and the Borrower's obligations to pay the amounts under this Section.

Section 10.32 Conditions to Effectiveness; Effective Date. Upon execution, this Loan Agreement shall be deposited into escrow pursuant to that certain Master Escrow Agreement, dated November 7, 2007, by and among the Borrower, the Issuer, the Trustee, Citicorp Municipal Mortgage Inc., Orrick, Herrington & Sutcliffe LLP, and any other parties thereto, and shall not become effective except upon satisfaction of the Escrow Release Conditions (as defined therein), which release may not under any circumstances occur before June 1, 2009.

ARTICLE XI

LIMITATIONS ON LIABILITY

Section 11.1 Limitations on Liability. Notwithstanding anything to the contrary herein, the liability of the Borrower hereunder and under the other Bond Documents and the Loan Documents shall be limited to the extent set forth in Section 9 of the Note, which is incorporated by reference herein and made a part hereof, and the Borrower shall not have any personal liability for the amounts payable under the Bond Documents or the Loan Documents; provided that such limitation shall not apply to the Borrower in connection with the Borrower's failure to make any payment with respect to (i) any Rebate Amount or (ii) the indemnification provisions of Section 5.18 or Section 9.1.4 hereof with respect to the Issuer. None of the above limitations on the personal liability of the Borrower shall modify, diminish or discharge the personal liability of any joinder party. Nothing herein or in the Note shall be deemed to be a waiver of any right which the Issuer, the Trustee, the Servicer, the Bondholder Representative or the Bondholders may have under Sections 506(a), 506(b), 1111(b) or any other provision of the United States Bankruptcy Code, as such sections may be amended, or corresponding or superseding sections of the Bankruptcy Amendments and Federal Judgeship Act of 1984, to file a claim for the full amount due to the Issuer, the Trustee, the Servicer, the Bondholder Representative or the Bondholders under the Bond Documents or to require that all collateral shall continue to secure the amounts due under the Bond Documents.

Section 11.2 Limitation on Liability of Bondholder Representative's Officers, Employees, Etc. Any obligation or liability whatsoever of the Bondholder Representative that may arise at any time under this Loan Agreement or any other Loan Document shall be satisfied, if at all, out of the Bondholder Representative's assets only. No such obligation or liability shall be personally binding upon, nor shall resort for the enforcement thereof be had to, the Project or any of the Bondholder Representative's shareholders, directors, officers, employees or agents, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise.

Section 11.3 Limitation on Liability of the Issuer. The Bond Obligations are payable solely and only from the special funds pledged for their benefit pursuant to the Indenture. The Bonds and the interest thereon and premium, if any, do not represent or constitute an indebtedness of the Issuer, any member of the Issuer, the State or any other political subdivision of the State within the meaning of the provisions of the constitution or statutes of the State or a pledge of the faith and credit of the Issuer, the State or any other political subdivision of the State. The Bonds are a limited obligation of the Issuer payable solely and only out of payments by the Borrower pursuant to the Loan Agreement and the Note. The Bonds are not a lien or charge upon the funds or Property of the Issuer or any member of the Issuer, except to the extent of the aforementioned. No recourse shall be had for the payment of the Bond Obligations against any elected or appointed officer, official, employee or agent of the Issuer or any person executing the Bonds.

Section 11.4 [Reserved].

Section 11.5 Delivery of Reports, Etc. The delivery of reports, information and documents to the Issuer as provided herein is for informational purposes only and the Issuer's

receipt of such shall not constitute constructive knowledge of any information contained therein or determinable from information contained therein. The Issuer shall have no duties or responsibilities except those that are specifically set forth herein, and no other duties or obligations shall be implied in this Loan Agreement against the Issuer.

[Remainder of Page Intentionally Left Blank]

THIS LOAN AGREEMENT EXECUTED as of the date first written above.

COUNTY OF CONTRA COSTA, CALIFORNIA

By: _____

Jan Kennedy

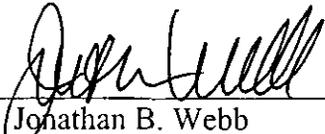
Deputy Director—Redevelopment

[Borrower's Signature Page to Loan Agreement]

WILLOW PARTNERS, L.P.,
a California limited partnership

By: AFFORDABLE HOUSING ACCESS, INC.,
a California nonprofit public benefit
corporation

Its: Managing General Partner

By: 
Jonathan B. Webb
Its: President

By: WILLOW ASSETS LLC,
a California limited liability company

Its: Administrative General Partner

By: 
Mark E. Hyatt
Its: Member

THE TRUSTEE IS PROHIBITED FROM REGISTERING THE OWNERSHIP OR TRANSFER OF OWNERSHIP OF THIS BOND TO ANY PERSON WITHOUT RECEIPT OF AN EXECUTED INVESTOR LETTER AS DEFINED IN AND ATTACHED TO THE INDENTURE DESCRIBED HEREIN.

UNLESS THIS BOND CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNERS HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

\$5,310,000
COUNTY OF CONTRA COSTA, CALIFORNIA
MULTIFAMILY HOUSING REVENUE REFUNDING BONDS
(WILLOW PASS APARTMENTS)
SERIES 2009A

No. R-1 \$5,310,000

DATED DATE:	MATURITY DATE:	CUSIP NO.:
June 1, 2009	September 6, 2023	212249 CU8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FIVE MILLION THREE HUNDRED TEN THOUSAND DOLLARS

The County of Contra Costa, California (the "Issuer"), a political subdivision of the State of California (the "Issuer"), for value received, hereby promises to pay (but only out of the revenues and other assets pledged under the Indenture (hereinafter defined)) to the Registered Owner specified above or registered assigns (subject to any right of prior redemption or tender), on the Maturity Date specified above, the Principal Amount specified above, and to pay interest thereon, at the Bond Coupon Rate (as defined below), payable on the first Thursday of each month, commencing July 2, 2009, to the person whose name appears on the registration books as of the day next preceding any Bond Payment Date (a "Record Date") and to pay any other amounts as specified in the Indenture (hereinafter defined); provided however, that if the first calendar day of each month is not also a Business Day, then payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if such payment was made on originally scheduled payment date. All capitalized terms not

otherwise defined in this Bond shall have the meaning ascribed thereto in the Indenture (as hereinafter defined).

Principal of, and premium, if any, on this Bond are payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of Wells Fargo Bank, National Association, as trustee (the "Trustee" and "Bond Registrar"), or its successor.

Interest on this Bond shall be computed on the basis of a 365- or 366-day year, as applicable, for the actual number of days elapsed for each Bond Coupon Rate Period. The amount of interest payable on the Bonds on each Bond Payment Date shall be the amount of interest accrued thereon from the preceding Bond Payment Date (or such other date as described in Section 4.1(d) of the Indenture) to, but not including, the Bond Payment Date on which interest is being paid. Interest on this Bond shall be payable in such coin or currency of the United States as at time of payment is legal tender for payment of private and public debts, at the designated payment office of the Trustee or its successor.

If a Bondholder so elects, any payment due to such Bondholder shall be made by wire transfer of federal reserve funds to any account in the United States of America designated by such Bondholder if such Bondholder, at its expense, (a) so directs by written notice delivered to the Trustee at least ten (10) Business Days before the date upon which such wire transfer or other arrangement is to be made and (b) otherwise complies with the reasonable requirements of the Trustee.

"Bond Coupon Rate" shall mean the USD-SIFMA Municipal Swap Index, plus 0.80%, applied on the basis of the actual number of days in the period in respect of which payment is being made divided by 365 (or, if any portion of that period falls in a leap year, the sum of (A) the actual number of days in that portion of the period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the period falling in a non-leap year divided by 365).

This Bond is one of an issue of duly authorized County of Contra Costa, California Multifamily Housing Revenue Refunding Bonds (Willow Pass Apartments) Series 2009A issued in the aggregate principal amount of \$5,310,000 (the "Bonds"), pursuant to the provisions of the laws of the State, particularly Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code, as amended, and a resolution duly adopted by the Issuer. The Bonds are issued under and are equally and ratably secured by a Trust Indenture, dated as of June 1, 2009 (the "Indenture"), as amended and supplemented, between the Issuer and the Trustee. In the event of any conflict or inconsistency between the terms of this Bond and the terms of the Indenture, the terms of the Indenture shall prevail.

The proceeds from the Bonds are to be used for the purpose of making a mortgage loan pursuant to a Loan Agreement, dated as of the date of the Indenture (the "Loan Agreement"), between the Issuer and Willow Partners, L.P., a California limited partnership (the "Borrower"), to finance the acquisition and rehabilitation of a multifamily residential facility (the "Project"). The Borrower's payment obligations under the Loan Agreement will be evidenced by one or more promissory notes (the "Note"). The Note will be secured by the Mortgage.

Reference is hereby made to the Indenture and to all amendments and supplements thereto for a description of the property pledged and assigned to the Trustee and of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer and the Trustee, the terms on which the Bonds are issued and secured, the manner in which interest is computed on this Bond, mandatory and optional tender rights and provisions, mandatory and optional redemption rights and tender provisions, acceleration, the rights of the Bondholders and the provisions for defeasance of such rights.

This Bond is subject to optional and mandatory redemption in whole or in part, on the dates, under the terms and conditions and at the redemption prices set forth in the Indenture, all of the provisions of which are, by this reference, incorporated into this Bond. Notice of redemption shall be given in the manner set forth in the Indenture.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS AND MONEYS PLEDGED AND ASSIGNED HEREUNDER. NONE OF THE ISSUER, THE STATE OF CALIFORNIA (THE "STATE"), OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE ISSUER, TO THE LIMITED EXTENT SET FORTH HEREIN NOR ANY PUBLIC AGENCY SHALL IN ANY EVENT BE LIABLE FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY) OR INTEREST ON THE BONDS OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION OR AGREEMENT OF ANY KIND WHATSOEVER EXCEPT AS SET FORTH HEREIN, AND NONE OF THE BONDS OR ANY OF THE ISSUER'S AGREEMENTS OR OBLIGATIONS SHALL BE CONSTRUED TO CONSTITUTE AN INDEBTEDNESS OF OR A PLEDGE OF THE FAITH AND CREDIT OF OR A LOAN OF THE CREDIT OF OR A MORAL OBLIGATION OF ANY OF THE FOREGOING WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER. THE BONDS ARE ISSUED UNDER THE ACT.

The registered owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

By its purchase of this Bond, the registered owner hereof agrees to the appointment of the Bondholder Representative as provided in the Indenture and authorizes the Bondholder Representative to exercise such rights and remedies afforded to the Bondholder Representative on behalf of the Bondholder as provided in the Bond Documents.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Indenture.

This Bond may be exchanged, and its transfer may be effected, only by the registered owner hereof in person or by his attorney duly authorized in writing at the designated corporate trust office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture, including, without limitation, the delivery of an Investor Letter to the extent required under the Indenture. Upon exchange or registration of such transfer a new registered bond or bonds of the same series, maturity and interest rate and of Authorized Denomination or

Authorized Denominations for the same aggregate principal amount will be issued in exchange therefor.

The Issuer and the Trustee may deem and treat the person in whose name this Bond shall be registered on the bond register, as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

All acts, conditions and things required by the laws of the Issuer to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law.

Neither the directors, members, officers, agents, employees or representatives of the Issuer nor any person executing the Bonds shall be personally liable hereon or be subject to any personal liability by reason of the issuance hereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Indenture and the issuance of the Bonds.

This Bond shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose until the Bond Registrar shall have executed the Certificate of Authentication appearing hereon.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Bond is duly authorized by law; that all acts, conditions and things required to exist and to be done precedent to and in the issuance of this bond to render the same lawful and valid have been properly done and performed and have happened in regular and due time, form and manner as required by law; and that all acts, conditions and things necessary to be done or performed by the Issuer or to have happened precedent to or in the execution and delivery of the Indenture have been done and performed and have happened in regular and due form as required by law.

CERTIFICATE OF AUTHENTICATION

This is to certify that this Bond is one of the Bonds referred to in the within mentioned Indenture.

Date of Authentication: June 1, 2009

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee,

By: *[Signature]*
Authorized Signatory

SPECIMEN

ASSIGNMENT FOR TRANSFER

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.

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

MULTIFAMILY NOTE
(FLOATING RATE)

\$5,310,000.00

As of June 1, 2009

FOR VALUE RECEIVED, the undersigned ("**Borrower**") promises to pay to the order of the **COUNTY OF CONTRA COSTA, CALIFORNIA**, a political subdivision of the State of California or order, the principal sum of FIVE MILLION THREE HUNDRED TEN THOUSAND AND NO/100 DOLLARS (\$5,310,000.00), with interest on the unpaid principal balance from time to time outstanding at the annual rate as set forth on Schedule A.

1. **Defined Terms.** As used in this Note, (i) the term "**Lender**" means the holder of this Note, and (ii) the term "**Indebtedness**" means the principal of, interest on, and any other amounts due at any time under, this Note, the Security Instrument (as defined herein) or any other Loan Document, including prepayment premiums, late charges, default interest, and advances to protect the security of the Security Instrument as described in Section 12 of the Security Instrument. "**Event of Default**" and other capitalized terms used but not defined in this Note shall have the meanings given to such terms in the Security Instrument.

2. **Address for Payment.** All payments due under this Note shall be payable to the Servicer, or, if there is no Servicer, to the corporate trust office of WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as Trustee under the Trust Indenture dated as of the date hereof (the "**Indenture**"), or its successor, or at such other place as may be designated by written notice to Borrower from or on behalf of Lender.

3. **Payment of Principal and Interest.** Principal and interest shall be paid as follows:

(a) Borrower shall pay all amounts due under this Note at the times and in the amounts set forth herein. Borrower shall pay any additional amounts necessary to pay all principal of, premium, if any, and interest on, the Bonds as they become due, whether at maturity, by acceleration, by optional, mandatory or mandatory sinking fund redemption or otherwise together with all Third Party Fees (as defined in the Indenture). Borrower shall make its payments under this Note in immediately available funds if and to the extent that the Indenture, the Loan Agreement or this Note requires such payment to be made with immediately available funds. In the event that payments under Cap Agreement or Swap Agreement (collectively, "**Hedge Payments**") are scheduled to be payable during any Loan Month, or in the event of any surplus in the funds available under the Indenture for payment of the principal of, premium, if any, or interest on the Bonds when due, the Borrower shall receive a credit in the amount of such Hedge Payments or surplus against payment amounts to be made by Borrower under this Note. Notwithstanding the foregoing, in the event of any deficiency in the funds available under the Indenture for payment of the principal of, premium, if any, or interest on the Bonds when due, Borrower shall immediately pay the amount of the deficiency to the Trustee upon notice of the deficiency from the Issuer, the Servicer, the Bondholder Representative or the Trustee. Borrower shall be obligated to pay the deficiency regardless of the reason for the deficiency, including any deficiency resulting from any shortfall in payments made or to be

made by Borrower under this Note any shortfall of Investment Income (as defined in the Indenture), a shortfall or nonpayment of any Hedge Payment or otherwise.

(b) Interest shall accrue under this Note from the first Thursday of each month to the day immediately preceding the first Thursday of the next ensuing month, except in the case of the initial loan month which shall commence on the Closing Date (each a "**Loan Month**"). Borrower shall pay monthly payments of interest as set forth on Schedule A attached hereto in successive monthly installments commencing on June 15, 2009 and continuing on the fifteenth (15th) day of each month thereafter until and including August 15, 2023 (the "**Maturity Date**"). Interest under this Note shall be computed on the basis of the actual number of days in the period in respect of which payment is being made divided by 365 (or, if any portion of that period falls in a leap year, the sum of (A) the actual number of days in that portion of the period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the period falling in a non-leap year divided by 365).

(c) Any accrued interest remaining past due may, at Lender's discretion, be added to and become part of the unpaid principal balance and shall bear interest at the rate or rates specified in this Note, and any reference below to "**accrued interest**" shall refer to accrued interest that has not become part of the unpaid principal balance.

(d) Borrower shall pay all unpaid principal of and interest on this Note on the Maturity Date and any other amounts due under subsection 3(a) hereof. The unpaid principal balance shall continue to bear interest after the Maturity Date at the Default Rate set forth in this Note until and including the date on which it is paid in full.

(e) Any regularly scheduled monthly installment of principal and interest that is received by Lender before the date it is due shall be deemed to have been received on the due date solely for the purpose of calculating interest due.

(f) Borrower shall make all payments of principal and interest under this Note without relief from valuation and appraisement laws.

(g) The entire principal amount hereof shall be deemed disbursed on the date of issuance of the Bonds.

(h) Beginning on July 15, 2009 and continuing thereafter on the fifteenth (15th) day of each calendar month until the Maturity Date, in addition to the monthly interest payments due under Section 3(b), Borrower shall make monthly payments (the "**Principal Reserve Deposits**") in the amounts set forth on the Principal Reserve Fund Deposit Schedule attached hereto as Exhibit D (as the same may be amended in accordance with the terms of the Indenture), which amounts shall be remitted by the Lender to the Trustee for deposit into the Bond Fund (as defined in the Indenture) and shall thereafter be transferred by the Trustee to the Principal Reserve Fund (as defined in the Indenture) and applied in accordance with the terms of the Indenture. The Loan shall not be, and shall not be deemed to be, paid or prepaid by reason of such payment and the amount on deposit in the Principal Reserve Fund shall not be a credit against the principal amount of this Note. However, if any amount in the Principal Reserve Fund is withdrawn from the Principal Reserve Fund and applied to the payment of the principal of any

of the Bonds or the principal component of the defeasance of any of the Bonds, all as provided in the Indenture, the amount so applied shall be simultaneously credited to the principal amount of this Note. No application of any amount in the Principal Reserve Fund for any other purpose shall be credit against the unpaid principal of this Note.

(i) No advance by either the Bondholder Representative or Servicer of its own funds on behalf of Borrower shall be treated as a credit against, or otherwise relieve the Borrower from its obligation to pay, the principal of and interest on this Note, or Principal Reserve Deposits, when due.

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

5. **Security.** The Indebtedness is secured by, among other things, that certain Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated as of the date of this Note (the "**Security Instrument**"), and reference is made to the Security Instrument for other rights of Lender as to collateral for the Indebtedness.

6. **Acceleration.** If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, the prepayment premium payable under Section 10, if any, and all other amounts payable under this Note and any other Loan Document shall at once become due and payable, at the option of Lender, without any prior notice to Borrower (except if notice is required by applicable law, then after such notice). Lender may exercise this option to accelerate regardless of any prior forbearance.

7. **Late Charge.** If any monthly amount payable under this Note or under the Security Instrument or any other Loan Document is not received by Lender when due (unless applicable law requires a longer period of time before a late charge may be imposed, in which event, such longer period shall be substituted), Borrower shall pay to Lender, immediately and without demand by Lender, a late charge equal to five percent (5.0%) of such amount (unless applicable law requires a lesser amount be charged, in which event such lesser amount shall be substituted). Borrower acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the loan evidenced by this Note (the "**Loan**"), and that it is extremely difficult and impractical to determine those additional expenses. Borrower agrees that the late charge payable pursuant to this Section represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional expenses Lender will incur by reason of such late payment. The late charge is payable in addition to, and not in lieu of, any interest payable at the Default Rate pursuant to Section 8.

8. **Default Rate.** So long as (a) any monthly installment under this Note remains past due for thirty (30) days or more, or (b) any other Event of Default has occurred and is

continuing, interest under this Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid monthly installment or the occurrence of such other Event of Default, as applicable, at a rate (the “**Default Rate**”) equal to the lesser of four percentage points (4.0%) above the applicable interest rate hereunder or the maximum interest rate that may be collected from Borrower under applicable law. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate. Borrower also acknowledges that its failure to make timely payments will cause Lender to incur additional expenses in servicing and processing the Loan, that, during the time that any monthly installment under this Note is delinquent for more than thirty (30) days, Lender will incur additional costs and expenses arising from its loss of the use of the money due and from the adverse impact on Lender’s ability to meet its other obligations and to take advantage of other investment opportunities, and that it is extremely difficult and impractical to determine those additional costs and expenses. Borrower also acknowledges that, during the time that any monthly installment under this Note is delinquent for more than thirty (30) days or any other Event of Default has occurred and is continuing, Lender’s risk of nonpayment of this Note will be materially increased and Lender is entitled to be compensated for such increased risk. Borrower agrees that the increase in the rate of interest payable under this Note to the Default Rate as provided above represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional costs and expenses Lender will incur by reason of the Borrower’s delinquent payment and the additional compensation Lender is entitled to receive for the increased risks of nonpayment associated with a delinquent loan.

9. Limits on Personal Liability.

(a) Except as otherwise provided in this Section 9, neither the Borrower nor any of its partners, members and/or managers shall have any personal liability under this Note, the Security Instrument or any other Loan Document for the repayment of the Indebtedness or for the performance of any other obligations of Borrower under the Loan Documents, and Lender’s only recourse for the satisfaction of the Indebtedness and the performance of such obligations shall be Lender’s exercise of its rights and remedies with respect to the Mortgaged Property and any other collateral held by Lender as security for the Indebtedness. This limitation on Borrower’s liability shall not limit or impair Lender’s enforcement of its rights against any guarantor of the Indebtedness or any guarantor of any obligations of Borrower.

(b) Borrower shall be personally liable to Lender for the repayment of a portion of the Indebtedness equal to any loss or damage suffered by Lender (the “**Losses**”) as a result of (1) failure of Borrower to pay to Lender upon demand after an Event of Default all Rents to which Lender is entitled under Section 3(a) of the Security Instrument and the amount of all security deposits collected by Borrower from tenants then in residence; (2) failure of Borrower to apply all insurance proceeds and condemnation proceeds as required by the Security Instrument; (3) failure of Borrower to comply with Section 14(d) or (e) of the Security Instrument relating to the delivery of books and records, statements, schedules, and reports; (4) fraud or material misrepresentation by Borrower or Guarantor or any general partner, managing member, manager, officer, director, partner, member, agent or employee of Borrower or Guarantor in connection with the application for or creation of the Indebtedness or any request for any action or consent by Lender or Bondholder Representative; or (5) failure of Borrower to

obtain and maintain any local real estate tax abatement or exemption required under the Security Instrument.

(c) For purposes of determining Borrower's personal liability under Section 9(b), all payments made by Borrower or any guarantor of this Note with respect to the Indebtedness and all amounts received by Lender from the enforcement of its rights under the Security Instrument shall be applied first to the portion of the Indebtedness for which Borrower has no personal liability.

(d) Borrower shall become personally liable to Lender for the repayment of all of the Indebtedness upon the occurrence of any of the following Events of Default: (1) Borrower's acquisition of any property or operation of any business not permitted by Section 33 of the Security Instrument; (2) a Transfer (including, but not limited to, a lien or encumbrance) that is an Event of Default under Section 21 of the Security Instrument, other than a Transfer consisting solely of the involuntary removal or involuntary withdrawal of a general partner in a limited partnership or a manager in a limited liability company; or (3) any of the interest payable on the Bonds is deemed included in any bondholder's gross income for federal income tax purposes.

(e) In addition to any personal liability for the Indebtedness, Borrower shall be personally liable to Lender for (1) the performance of all of Borrower's obligations under Sections 18 and 44(i) of the Security Instrument (relating to environmental matters) and the Agreement of Environmental Indemnification dated as of the date hereof; (2) the costs of any audit under Section 14(d) of the Security Instrument; and (3) any costs and expenses incurred by Lender in connection with the collection of any amount for which Borrower is personally liable under this Section 9, including out of pocket expenses and reasonable fees of attorneys and expert witnesses and the costs of conducting any independent audit of Borrower's books and records to determine the amount for which Borrower has personal liability.

(f) To the extent that Borrower has personal liability under this Section 9, Lender may exercise its rights against Borrower personally without regard to whether Lender has exercised any rights against the Mortgaged Property or any other security, or pursued any rights against any guarantor, or pursued any other rights available to Lender under this Note, the Security Instrument, any other Loan Document or applicable law. For purposes of this Section 9, the term "**Mortgaged Property**" shall not include any funds that (1) have been applied by Borrower as required or permitted by the Security Instrument prior to the occurrence of an Event of Default or (2) Borrower was unable to apply as required or permitted by the Security Instrument because of a bankruptcy, receivership, or similar judicial proceeding. To the fullest extent permitted by applicable law, in any action to enforce Borrower's personal liability under this Section 9, Borrower waives any right to set off the value of the Mortgaged Property against such personal liability.

10. **Voluntary and Involuntary Prepayments.**

(a) A prepayment premium shall not be payable in connection with any voluntary prepayment (i.e., any receipt by Lender of principal, other than principal required to be paid in monthly installments pursuant to Section 3, prior to the Maturity Date) made under this

Note as provided in subsection (1) below, but shall be payable in connection with any other prepayment made under the Note, as provided in subsections (2) and (3) below:

(1) Commencing on and after, but not prior to, the tenth (10th) anniversary of the date of this Note, Borrower may voluntarily prepay all of the unpaid principal balance of this Note on the last Business Day of a calendar month if Borrower has given Lender at least thirty (30) days prior notice of its intention to make such prepayment. Such prepayment shall be made by paying (A) the amount of principal being prepaid, (B) all accrued interest, (C) the prepayment premium calculated pursuant to Schedule B, to the extent applicable, and (D) all other sums due Lender at the time of such prepayment. For all purposes including the accrual of interest, any prepayment received by Lender on any day other than the last calendar day of the month shall be deemed to have been received on the last calendar day of such month. For purposes of this Note, a "**Business Day**" means any day other than a Saturday, Sunday or any other day on which Lender is not open for business. Unless expressly provided for in the Loan Documents, Borrower shall not have the option to voluntarily prepay less than all of the unpaid principal balance of this Note. However, if a partial prepayment is provided for in the Loan Documents or is accepted by Lender in Lender's sole discretion (other than a partial prepayment as a result of any of the events described in Section 10(b)(1) below), a prepayment premium calculated pursuant to Schedule B shall be due and payable by Borrower.

(2) Upon Lender's exercise of any right of acceleration under this Note, Borrower shall pay to Lender, in addition to the entire unpaid principal balance of this Note outstanding at the time of the acceleration, (A) all accrued interest and all other sums due Lender, and (B) the prepayment premium calculated pursuant to Schedule B, to the extent applicable.

(3) Any application by Lender of any collateral or other security to the repayment of any portion of the unpaid principal balance of this Note prior to the Maturity Date and in the absence of acceleration shall be deemed to be a partial prepayment by Borrower, requiring the payment to Lender by Borrower of a prepayment premium, calculated pursuant to Schedule B.

(b) Notwithstanding the provisions of Section 10(a):

(1) no prepayment premium shall be payable with respect to any prepayment occurring as a result of the application of any insurance proceeds or condemnation award under Sections 19(f) or 20(b) of the Security Instrument; provided, however, that in the event of a partial prepayment pursuant to this section, the monthly installment payments required by this Note hereof shall be reduced to the installment amount set forth in a certificate provided to Borrower by Bondholder Representative; and

(2) Intentionally Omitted.

(c) Any permitted or required prepayment of less than the unpaid principal balance of this Note shall not extend or postpone the due date of any subsequent monthly installments or change the amount of such installments, unless Lender agrees otherwise in writing (except as provided in Section 10(b) above).

(d) Borrower recognizes that any prepayment of the unpaid principal balance of this Note, whether voluntary, involuntary or resulting from a default by Borrower, will result in Lender's incurring loss, including reinvestment loss, additional expense and frustration or impairment of Lender's ability to meet its commitments to third parties. Borrower agrees to pay to Lender upon demand damages for the detriment caused by any prepayment, and agrees that it is extremely difficult and impractical to ascertain the extent of such damages. Borrower therefore acknowledges and agrees that the formula for calculating prepayment premiums set forth on Schedule B represents a reasonable estimate of the damages Lender will incur because of a prepayment.

(e) Borrower further acknowledges that the lock-out period for making a voluntary prepayment and the prepayment premium provisions of this Note are a material part of the consideration for the Loan, and acknowledges that the terms of this Note are in other respects more favorable to Borrower as a result of the Borrower's voluntary agreement to the lock-out period and the prepayment premium provisions.

(f) Intentionally Omitted.

(g) Intentionally Omitted.

(h) Notwithstanding anything to the contrary in any other Loan Document or Bond Document, any prepayment premium payable hereunder shall not be remitted to the Indenture Trustee and shall instead be paid directly to Servicer, who shall apply the said prepayment premium in accordance with the terms of the applicable servicing agreement.

11. **Costs and Expenses.** To the fullest extent allowed by applicable law, Borrower shall pay all expenses and costs, including, without limitation, out-of-pocket expenses and reasonable fees of attorneys (including, without limitation, in-house attorneys) and expert witnesses and costs of investigation, incurred by Lender as a result of any default under this Note or in connection with efforts to collect any amount due under this Note, or to enforce the provisions of any of the other Loan Documents, including those incurred in post-judgment collection efforts and in any bankruptcy proceeding (including any action for relief from the automatic stay of any bankruptcy proceeding) or judicial or non-judicial foreclosure proceeding. For purposes of Section 9(e) and this Section 11, attorneys' out of pocket expenses shall include, but are not limited to, support staff costs, costs of preparing for litigation, computerized research, telephone and facsimile transmission expenses, mileage, deposition costs, postage, duplicating, process service, videotaping and similar costs and expenses.

12. **Forbearance.** Any forbearance by Lender in exercising any right or remedy under this Note, the Security Instrument, or any other Loan Document or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by Lender of any security for Borrower's obligations under this Note shall not constitute an election by Lender of remedies so as to preclude the exercise of any other right or remedy available to Lender.

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

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

15. **Commercial Purpose.** Borrower represents that the Indebtedness is being incurred by Borrower solely for the purpose of carrying on a business or commercial enterprise, and not for personal, family, household or agricultural purposes.

16. **Counting of Days.** Except where otherwise specifically provided, any reference in this Note to a period of “days” means calendar days, not Business Days.

17. **Governing Law.** This Note shall be governed by the law of the jurisdiction in which the Land is located the (“**Property Jurisdiction**”).

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

19. **Notices; Written Modifications.** All notices, demands and other communications required or permitted to be given by Lender to Borrower pursuant to this Note shall be given in accordance with Section 31 of the Security Instrument. Any modification or amendment to this Note shall be ineffective unless in writing signed by the party sought to be charged with such modification or amendment; provided, however, that in the event of a Transfer under the terms of the Security Instrument, any or some or all of the Modifications to Multifamily Note in Schedule C may be modified or rendered void by Lender at Lender’s option by notice to Borrower or such proposed transferee.

20. **Consent to Jurisdiction and Venue.** Borrower agrees that any controversy arising under or in relation to this Note shall be litigated exclusively in the Property Jurisdiction.

The state and federal courts and authorities with jurisdiction in the Property Jurisdiction shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Note. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

21. **WAIVER OF TRIAL BY JURY.** TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF BORROWER AND LENDER (A) AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS NOTE OR THE RELATIONSHIP BETWEEN THE PARTIES AS LENDER AND BORROWER THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

22. **Payments on Non-Business Day.** If the date for the making of any payment under this Note is not a Business Day, such payment shall be due and payable on the next succeeding Business Day.

23. **Local Law Provisions.** If any Guarantor is liable for only a portion of the Indebtedness, Borrower hereby waives its rights under California Civil Code Section 2822(a) to designate the portion of the Indebtedness that shall be satisfied by Borrower's partial payment.

24. **ATTACHED SCHEDULES.** The following Schedules are attached to this Note and are incorporated by reference herein as if more fully set forth in the text hereof:

Schedule A - Interest Rate

Schedule B - Prepayment Premium

Schedule C - Modifications to Multifamily Note

The terms of this Note are modified and supplemented as set forth in said Schedules. To the extent of any conflict or inconsistency between the terms of said Schedules and the text of this Note, the terms of said Schedules shall be controlling in all respects.

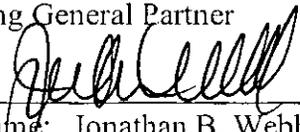
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IN WITNESS WHEREOF, Borrower has caused this Multifamily Note to be signed and delivered by its duly authorized representative as of the date first set forth above.

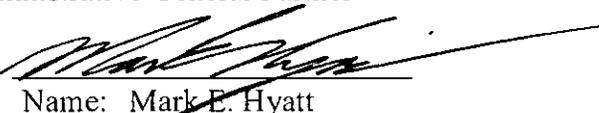
BORROWER:

WILLOW PARTNERS, L.P.,
a California limited partnership

By: AFFORDABLE HOUSING ACCESS, INC.,
a California nonprofit public benefit corporation
Its: Managing General Partner

By: 
Name: Jonathan B. Webb
Title: President

By: WILLOW ASSETS LLC, a
California limited liability company
Its: Administrative General Partner

By: 
Name: Mark E. Hyatt
Title: Member

Borrower's Taxpayer ID Number: 33-0834434

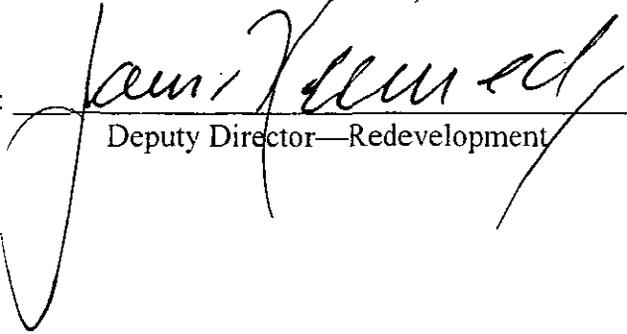
PAY TO THE ORDER OF:

**WELLS FARGO BANK, NATIONAL ASSOCIATION,
AS TRUSTEE UNDER THAT CERTAIN
TRUST INDENTURE DATED AS OF JUNE 1, 2009**

WITHOUT RECOURSE

COUNTY OF CONTRA COSTA, CALIFORNIA

By:


Deputy Director—Redevelopment

SCHEDULE A

INTEREST RATE

The annual rate of interest payable under this Note is as follows:

1. From the Closing Date through and including the Maturity Date, the annual rate of interest under this Note for each Loan Month shall be calculated at an aggregate rate per annum equal to the SIFMA Index Rate (as defined in the Indenture) in effect on each Bond Coupon Rate Determination Date for the applicable Bond Coupon Rate Period (each as defined in the Indenture), plus 80 basis points (.80%), plus the Third Party Fees (as defined in the Indenture) for such month, which shall be payable on the fifteenth (15th) day of such Loan Month on the outstanding principal amount of this Note in accordance with Section 3(b) of this Note.
2. With respect to payments of interest on this Note payable on the 15th day of each Loan Month, insofar as the SIFMA Index Rate will not be determinable for the first full Bond Coupon Rate Period following such 15th day and all subsequent Bond Coupon Rate Periods during a Loan Payment Month (collectively, the “**Future Bond Coupon Rate Periods**”), Borrower shall be permitted to pay, on the 15th day of each Loan Month interest for the applicable Future Bond Coupon Rate Period at a rate, per annum, equal to (a) the strike rate under any Cap Agreement then in effect, or (b) fixed rate under any Swap Agreement then in effect. For example, if the first full Bond Coupon Rate Period following the 15th day of a Loan Month begins on the 17th day of such Loan Month, a Thursday, the annual rate of interest to be paid under this Note on the 15th day of such Loan Month shall be (A) the floating annual rate of interest under this Note as determined in paragraph (1) above from the first day of the Loan Month to and including the 16th day of such Loan Month, and (B) the fixed rate determined for Future Bond Coupon Rate Periods pursuant to this paragraph (2) from the 17th day of such Loan Month to the end of such Loan Month.

SCHEDULE B

PREPAYMENT PREMIUM

Any prepayment premium payable under Section 10 of this Note shall be computed as follows:

If any prepayment is made prior to the tenth (10th) anniversary of the date of this Note, the prepayment premium shall be determined by multiplying the principal amount of the Loan being prepaid by five percent (5.0%). If the prepayment is made after the tenth (10th) anniversary of the date of this Note, no prepayment premium shall be due.

SCHEDULE C

MODIFICATIONS TO MULTIFAMILY NOTE

The following modifications are made to the text of the Note that precedes this Schedule:

1. Section 3(b) is hereby amended by adding the following at the end thereof:

“Principal Reserve Deposits shall be applied to redeem the Borrower’s \$1,695,000 Multifamily Housing Revenue Bonds (Willow Pass Apartments) Taxable Series 2009A in full prior to the principal balance of this Note.”
2. Section 9(b)(3) is hereby amended by adding the following at the end thereof:

“provided such failure continues for a period of sixty (60) days after notice of such failure by Lender to Borrower.”
3. Section 9(b)(4) of this Note is hereby deleted in its entirety and the following shall be inserted in lieu thereof:

“(4) fraud or material misrepresentation by Borrower or any general partner of Borrower, any guarantor or any Authorized Borrower Representative (as defined in the Authorized Borrower Representative Certificate delivered to Lender on the Closing Date in accordance with Section 1.1(h) of the Indenture (the “Certificate”) in connection with the application for or creation of the Indebtedness or any request made by Borrower, any general partner of Borrower (if Borrower is a partnership), officer or director of Borrower (if Borrower is a corporation), or manager or managing member of Borrower (if Borrower is a limited liability company), or any Authorized Borrower Representative or guarantor for any action or consent by Lender or Bondholder Representative (provided, however that Lender and Bondholder Representative shall rely on representations and/or actions of the parties named in the Certificate with respect to disbursements from the Project Fund under the Indenture and/or increases in the principal amount of the Loan (other than “protective advances”), Borrower and Guarantor shall not be liable for misrepresentations and/or fraud by the managing general partner of Borrower in violation of the Certificate); and any representations made, or deemed to be made, by Paul Fruchbom shall be limited to the extent of this action (and not imputed or constructive) knowledge.”
4. Section 9(b)(5) of this Note is hereby deleted in its entirety and the following shall be inserted in lieu thereof:

“(5) any failure by Borrower to submit any initial or annual application or filing for the abatement of real estate taxes (unless Borrower’s general partners reasonably believe, in good faith, that the tax abatement is not available), or any revocation, cancellation or other termination of the abatement of real estate taxes (whether in whole or in part), as a result of any fraudulent act or omission or intentional misrepresentation by or on behalf of Borrower or any general partner of Borrower, any guarantor or any Authorized Borrower Representative.”

5. Subsection 9(d)(3) of this Note is hereby deleted in its entirety and the following shall be inserted in lieu thereof:

“(3) any of the interest payable on the Bonds is included in any bondholder’s gross income for federal income tax purposes per a determination by the Internal Revenue Service as a result of any act or omission of Borrower or any of Borrower’s officers, agents or employees.”

SCHEDULE D

PRINCIPAL RESERVE FUND DEPOSIT SCHEDULE

Payment Date	Payment Principal	Outstanding Balance
		\$5,310,000.00
5/15/2023	\$17,810.00	\$5,292,190.00
6/15/2023	\$17,880.00	\$5,274,310.00
7/15/2023	\$17,960.00	\$5,256,350.00
8/15/2023	\$5,256,350.00	-