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#2011-1201

INDENTURE OF TRUST

by and between the

COUNTY OF CONTRA COSTA, CALIFORNIA,

and

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

dated as of October 1, 2011

relating to:
\$4,300,000
County of Contra Costa
Multifamily Housing Revenue Bonds
(Pinole Grove Senior Housing), Series 2011A

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INDENTURE OF TRUST

This Indenture of Trust, dated as of October 1, 2011 (this "Indenture"), is by and between the County of Contra Costa, California, a political subdivision and body corporate and politic of the State of California (the "Issuer"), and Wells Fargo Bank, National Association, a national banking association organized under the laws of the United States of America, and being qualified to accept and administer the obligations and duties of the Bondowner Representative hereunder, as the initial bondowner representative (the "Bondowner Representative").

RECITALS:

WHEREAS, pursuant to the provisions of Chapter 7 of Part 5 of Division 31 (commencing with Section 52075) of the California Health and Safety Code (the "Housing Act"), the Issuer proposes to issue its County of Contra Costa Multifamily Housing Revenue Bonds (Pinole Grove Senior Housing), Series 2011A (the "Bonds"); and

WHEREAS, the proceeds of the Bonds will be used to fund a loan to John Street Housing Associates, L.P., a California limited partnership (the "Borrower") pursuant to a Loan Agreement, dated as of October 1, 2011, among the Issuer, the Bondowner Representative and the Borrower (the "Loan Agreement"), to provide financing for the acquisition and rehabilitation of a 70 unit multifamily senior rental housing project known as Pinole Grove Senior Housing (the "Development"), located at 800 John Street in the City of Pinole, California; and

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

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

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

AGREEMENT:

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, and the interest and premium, if any, on, all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and for and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the owners thereof, and for other

valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Issuer covenants and agrees with the Bondowner Representative, for the equal and proportionate benefit of the respective registered owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS AND GENERAL PROVISIONS

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

The term **"Administrator"** shall mean the Issuer or any administrator or program monitor appointed by the Issuer to administer the Regulatory Agreement, and any successor administrator appointed by the Issuer.

The term **"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.

The term **"Agreement"** or **"Loan Agreement"** shall mean the Loan Agreement, dated as of October 1, 2011, among the Issuer, the Bondowner Representative and the Borrower, pursuant to which the Issuer agrees to loan the proceeds of the Bonds to the Borrower, as originally executed or as it may from time to time be supplemented or amended in accordance with its terms.

The term **"Approved Institutional Buyer"** means (a) a "qualified institutional buyer" as defined in Rule 144A promulgated under the United States Securities Act of 1933, as in effect on the date hereof (the "Securities Act"); (b) an "accredited investor" as defined in Sections 501(a)(1) through (3) of Regulation D promulgated under the Securities Act; (c) an entity that is directly or indirectly wholly owned or controlled by the purchaser/bondholder representative (being a financial institution described in (a) above); (d) an entity all of the investors in which are described in (a), (b) or (c) above; or (e) a custodian or trustee for a party described in (a), (b) or (c) above.

The term **"Authorized Amount"** shall mean Four Million Three Hundred Thousand Dollars (\$4,300,000), the authorized maximum principal amount of the Bonds.

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

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

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

and Development of the Issuer, or the Deputy Director – Redevelopment of the Issuer, or the Affordable Housing Program Manager of the Issuer, or any other person designated to act in such capacity by a Certificate of the Issuer containing the specimen signature of any of such persons which certificate may designate an alternate or alternates.

The term **“Authorized Participant”** means (a) a bank that purchases a participation interest in the Bonds and delivers to the Issuer an investor’s letter in the form of Exhibit B hereto; or (b) with respect to CCRC as holder of the Bonds, a member bank of CCRC that is an Approved Institutional Buyer.

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

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

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

The term **“Bonds”** shall mean the County of Contra Costa Multifamily Housing Revenue Bonds (Pinole Grove Senior Housing), Series 2011A, issued and outstanding hereunder.

The term **“Borrower”** shall mean John Street Housing Associates, L.P., a California limited partnership, and its successors and assigns under the provisions of the Loan Agreement.

The term **“Business Day”** shall have the meaning given to such term in the Loan Agreement.

The term **“CCRC”** means the California Community Reinvestment Corporation, and its successors.

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

The term **“Certified Resolution”** shall mean a copy of a resolution of the Issuer certified by the Clerk of the Board of Supervisors of the Issuer, or any deputy thereof, to have been duly adopted by the Issuer and to be in full force and effect on the date of such certification.

The term **“Closing Date”** shall mean October 13, 2011, the date of initial delivery of the Bonds and funding of the Initial Disbursement.

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

The term "**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.

The term "**Conversion Date**" means the date on which the registered owner of the Outstanding Bonds becomes CCRC by reason of its purchase of all of the Bonds that remain Outstanding on such date.

The term "**Debt Service**" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

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

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

The term "**Development**" means the 70 units of senior rental housing to be acquired and rehabilitated by the Borrower with the proceeds of the Loan, located at 800 John Street in the City of Pinole, California, including structures, buildings, fixtures or equipment, as it may at any time exist, and any structures, buildings, fixtures or equipment acquired in substitution for, as a renewal or replacement of, or a modification or improvement to, all or any part of such facilities, and a fee interest in the land on which such housing is situated.

The term "**Development Costs**" has the meaning given to the term "Project Costs" in the Loan Agreement.

The term "**Event of Default**" as used herein other than with respect to defaults under the Loan Agreement shall have the meaning specified in Section 7.01 hereof, and as used with respect to the Loan Agreement shall have the meaning given to the term "Default" in Section 13.1 thereof.

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

investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (c) the investment is a United States Treasury Obligation-State Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (d) the investment is the Local Agency Investment Fund of the State of California but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

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

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

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

The term "**Initial Disbursement**" means the initial advance of the proceeds of the Bonds on the Closing Date in an amount equal to \$621,546.19.

The term "**Interest Payment Date**" shall mean the first Business Day of each month, commencing November 1, 2011.

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

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

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

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

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

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

connection with the issuance of the Bonds or the Loan; (c) the Issuer's fees and expenses incurred in connection with the issuance of the Bonds, including fees of any counsel or financial advisor to the Issuer, and the Issuer administrative fee for processing the request of the Borrower to issue the Bonds; (d) Bondowner Representative's fees and Bondowner Representative's counsel fees and expenses; (e) paying agent's and certifying and authenticating agent's fees related to issuance of the Bonds; (f) accountant's fees related to issuance of the Bonds; (g) publication costs associated with the financing proceedings; and (h) costs of engineering and feasibility studies necessary to the issuance of the Bonds.

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

The term "**Loan**" shall mean the loan made by the Issuer to the Borrower pursuant to the Loan Agreement for the purpose of financing the acquisition and rehabilitation by the Borrower of the Development.

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

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

The term "**Note**" means the promissory note evidencing the Loan, in the form required by the Loan Agreement.

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

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

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

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

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

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

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

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

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

The term **"Qualified Development Costs"** means Development Costs that meet each of the following requirements: (i) the costs are properly chargeable to capital account (or would be so chargeable with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs) in accordance with general Federal income tax principles and in accordance with United States Treasury Regulations §1.103-8(a)(1), provided, however, that only such portion of interest accrued during acquisition and rehabilitation of the Development shall be eligible to be a Qualified Development Cost as is so capitalizable and as bears the same ratio to all such interest as the Qualified Development Costs bear to all Development Costs; and provided further that interest accruing after the date of completion of the rehabilitation of the Development shall not be a Qualified Development Cost; and provided still further that if any portion of the Development is being rehabilitated by an Affiliate (whether as a general contractor or a subcontractor), Qualified Development Costs shall include only (A) the actual out-of-pocket costs incurred by such Affiliate in rehabilitating the Development (or any portion thereof), (B) any reasonable fees for supervisory services actually rendered by the Affiliate, and (C) any overhead expenses incurred by the Affiliate which are directly attributable to the work performed on the Development, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the rehabilitation of the Development or payments received by such Affiliate due to early completion of the Development (or any portion thereof); (ii) the costs are paid with respect to a qualified residential rental project or projects within the meaning of Section 142(d) of the Code, (iii) the costs are paid after the date which is 60 days prior to March 15, 2011, and (iv) if the Development Costs were previously paid and are to be reimbursed with proceeds of the Bonds, such costs were (A) costs of issuance of the Bonds, (B) preliminary capital expenditures (within the meaning of United States Treasury Regulations §1.139-2(f)(2)) with respect to the Development (such as architectural, engineering and soil testing services) incurred before commencement of the acquisition or rehabilitation of the Development that do not exceed twenty percent (20%) of the issue price of the Bonds (as defined in United States Treasury Regulations §1.148-1), or (C) were capital expenditures with respect to the Development that are reimbursed no later than eighteen (18) months after the later of the date the expenditure was paid or the date the Development is placed in service (but no later than three (3) years after the expenditure is paid). Notwithstanding the foregoing, "Qualified Development Costs" shall not include costs related to the acquisition or rehabilitation of any office or commercial space, or any parking facilities, not functionally related to the dwelling units in the Development.

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

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

The term **"Regulatory Agreement"** shall mean the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of October 1, 2011, by and between the Issuer and the Borrower, as in effect on the Closing Date and as thereafter amended in accordance with its terms.

The term **"Reserved Rights"** shall mean the Issuer's rights to enforce and receive payments of money directly and for its own purposes under Sections 2.2, 2.3(a), 2.3(d), 3.3(g)(i),

3.3(g)(iii), 3.3(h), 3.4, 3.16, 4.10, 8.2, 8.3, 9.5, 11.38, 11.39, 11.40 and 11.44 of the Loan Agreement, the Issuer's rights to inspect and audit the books, records and premises of the Borrower and of the Development, its right to collect attorneys' fees and related expenses, its right to enforce the Borrower's covenants to comply with applicable federal tax law and California law (including the Housing Act and the rules and regulations of the Issuer), its right to receive notices and to grant or withhold consents or waivers under the Loan Agreement, the Regulatory Agreement and this Indenture, its rights to indemnification by the Borrower under the Loan Agreement and the Regulatory Agreement, and its right to amend this Indenture, the Loan Agreement and the Regulatory Agreement in accordance with the provisions hereof and thereof.

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

The term "**Revenues**" shall mean all amounts pledged hereunder to the payment of principal of, Premium, if any, and interest on the Bonds, consisting of any repayments of the Loan required or permitted to be made by the Borrower pursuant to Sections 3.3(a), (b), (c), (d) and (f), 3.5, and 3.8(a) and (b) of the Loan Agreement; but such term shall not include payments to the United States, the Issuer, the Administrator or the Bondowner Representative pursuant to Sections 2.3, 3.3(e), (g) and (h), 3.4, 3.6(c), 3.7(c), 3.11, 3.16, 9.5, 11.2, 11.38, 11.39, 11.44(c), 13.6, 15.1 or 15.10 of the Loan Agreement or Sections 6.08 or 8.06 hereof or Sections 4A(d), 9 or 20 of the Regulatory Agreement.

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

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

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

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

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

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

ARTICLE II
THE BONDS

Section 2.01. Authorization. There are hereby authorized to be issued bonds of the Issuer designated as "County of Contra Costa Multifamily Housing Revenue Bonds (Pinole Grove Senior Housing), Series 2011A" in the initial aggregate principal amount of up to the Authorized Amount. No Bonds may be issued hereunder except in accordance with this Article. The maximum aggregate principal amount of Bonds which may be issued and outstanding under this Indenture shall not exceed the Authorized Amount.

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

The Bonds shall be issuable only as fully registered Bonds, without coupons, in the form of a single Bond in the principal amount equal to the aggregate of the purchase price of the Bonds advanced from time to time by the owners of the Bonds (which principal amount shall be, on the Closing Date, equal to the amount of the Initial Disbursement, and with any subsequent advances subject to the provisions of Section 3.03(e)). In connection with any transfer of Bonds in accordance with the requirements of Section 2.05, the Bonds may be in Authorized Denominations. The Bonds shall be dated the Closing Date, shall mature on October 1, 2046, and shall be subject to redemption prior to maturity as provided in Article IV.

The Bonds shall bear interest on the principal amount of the Bonds Outstanding, payable on each Interest Payment Date, at the same rate of interest in effect from time to time on the Note, computed in the same manner as interest is computed from time to time on the Note. The principal of the Bonds shall be payable in installments on the same dates and in the same amounts as is the principal payable on the Loan, as evidenced by the Note.

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

The payment or prepayment of principal of and interest or Premium, if any, on the Bonds shall be identical with and shall be made on the same terms and conditions as the principal of and interest or premium, if any, on the Note, as determined in accordance with the Loan Agreement. Any payment or prepayment made by the Borrower of principal and interest or premium, if any, on the Note shall be deemed to be like payments or prepayments of principal and interest or Premium, if any, on the Bonds.

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

The Issuer hereby acknowledges that the Borrower is obligated to pay late fees and other charges (including without limitation prepayment penalties) under the Note (and as otherwise provided in the Loan Documents) to the Bondowner Representative, which amounts are paid

for the benefit of the Bondowner Representative and shall be retained by the Bondowner Representative for its own account and shall not be construed in any event to be interest on the Bonds.

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

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

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

Section 2.05. Transfer of Bonds; Condition to Conversion Date. (a) Any Bond may, in accordance with the terms of this Indenture but in any event subject to the provisions of Section 2.05(b) hereof, be transferred upon the books of the Bondowner Representative, required to be kept pursuant to the provisions of Section 2.06, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the Principal Office of the Bondowner Representative, accompanied by a written instrument of transfer in a form acceptable to the Bondowner Representative, duly executed. Whenever any Bond shall be surrendered for transfer, the Issuer shall execute and the Bondowner Representative shall authenticate and deliver a new Bond.

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

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

(ii) the Bonds shall only be transferred in whole, and only to (A) an entity that is an Approved Institutional Buyer, or (B) CCRC;

(iii) each transferee of the Bonds shall deliver to the Issuer an investor's letter in the form of Exhibit B hereto wherein the transferee agrees, among other matters, not to sell participating interests in the Bonds without the prior written consent of the Issuer, except as permitted by the next paragraph; and

(iv) the Bondowner Representative shall not authenticate or register a Bond unless the conditions of this Section 2.05(b) have been satisfied.

(c) Nothing contained in Section 2.05(b) shall be deemed to limit or otherwise restrict the sale by any Holder of any participation interests in any Bond; provided that (i) such Holder is CCRC or any Authorized Participant who is selling interests to an Authorized Participant; or (ii) (A) such Holder shall remain the Holder of record of such Bond following the sale of any such participation interest; (B) the purchaser of the participation interest is an Approved Institutional Buyer (in which event such Holder shall remain the Holder of the applicable Bond for all purposes of this Indenture); (C) any such participation shall be in an Authorized Denomination; and (D) the purchaser of such participation interest shall provide an investor letter to the Issuer substantially in the form of Exhibit B hereto.

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

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

(f) In no case shall a purchaser of a participation interest in any Bond be deemed to be a Holder of the Bonds, or have any rights of a Holder of the Bonds or of the Bondowner Representative hereunder.

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

Section 2.07. Replacement of Bonds. Upon receipt of evidence reasonably satisfactory to the Issuer of the loss, theft, destruction or mutilation of any of the Bonds, or of any replacement Bonds, and, in the case of any such loss, theft, or destruction, upon the delivery of an indemnity agreement reasonably satisfactory to the Issuer or, in the case of any mutilation, upon the surrender and cancellation of such mutilated Bond, the Issuer, at the expense of the Holder of such Bond, will issue and the Bondowner Representative will authenticate a new Bond, of like tenor and series, in lieu of such lost, destroyed or mutilated Bond.

ARTICLE III

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01. Authentication and Delivery of the Bonds. Upon the execution and delivery of this Indenture, the Issuer shall execute the Bonds and deliver them to the Bondowner Representative. Thereupon, and upon satisfaction of the conditions set forth in this Section, and without any further action on the part of the Issuer, the Bondowner Representative shall authenticate the Bonds in an aggregate principal amount not exceeding the Authorized Amount, and shall deliver them pursuant to the Written Order of the Issuer hereinafter mentioned. Prior to the authentication and delivery of any of the Bonds by the Bondowner Representative, there shall have been delivered to the Bondowner Representative each of the following:

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

(b) original executed counterparts of this Indenture, the Regulatory Agreement, the Tax Certificate, the Loan Agreement, the Deed of Trust and all of the other Loan Documents, all in form and content satisfactory to the Bondowner Representative, and the original executed Note;

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

(d) a letter in the form of Exhibit B hereto executed by the Initial Bond Purchaser;

(e) an opinion of Bond Counsel with respect to the due execution and delivery of the Indenture, the Loan Agreement and the Bonds and the exclusion from gross income of the Bondowners of interest on the Bonds for federal income tax purposes; and

(f) an opinion of counsel to the Borrower addressed to the Issuer to the effect that the Loan Documents to which the Borrower is a party and the Regulatory Agreement are valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms, subject to such exceptions and qualifications as are acceptable to the Issuer.

Section 3.02. Application of Proceeds of Bonds. The proceeds received on the Closing Date by the Issuer from the sale of the Bonds shall be deposited with the Bondowner Representative, who shall deposit any portion of such proceeds which are not to be concurrently disbursed to or for the account of the Borrower into the Program Fund created pursuant to Section 3.03. The Bondowner Representative shall deposit any portion of any future advance of the purchase price of the Bonds which is not to be concurrently disbursed to or for the account of the Borrower into the Program Fund.

Section 3.03. Program Fund. (a) There is hereby created and established with the Bondowner Representative a fund which shall be designated the "Program Fund." Upon the initial delivery of the Bonds, there shall be deposited in the Program Fund the amount specified in Section 3.02. If required under the provisions of Section 3.02, the Bondowner Representative

shall deposit any future advances of the purchase price of the Bonds to the Program Fund. Amounts deposited or held in such fund shall be applied only as provided in this Section.

(b) The Initial Disbursement deposited in the Program Fund on the Closing Date shall be disbursed by the Bondowner Representative to or upon the order of the Borrower to pay Development Costs.

(c) The Issuer hereby authorizes and directs the disbursement by the Bondowner Representative to the Borrower of the remaining principal amount of the Bonds represented by future advances of the purchase price of the Bonds and any amounts from time to time on deposit in the Program Fund upon receipt by the Bondowner Representative of a written request of the Borrower, accompanied by the documents required under the Loan Agreement), and a determination of the Bondowner Representative that the conditions to disbursement contained in the Loan Agreement have been satisfied or waived.

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

(e) Notwithstanding any other provision of this Indenture or the Loan Agreement, from and after the earlier of the Conversion Date or December 31, 2014, no further advances of the purchase price of the Bonds shall occur.

(f) During the period when the Bondowner Representative and/or its affiliates are the Holders of all of the Bonds, the Program Fund need not be separately established or administered but rather the Bondowner Representative may hold and administer any amounts to be deposited in such fund in the manner it customarily employs for administration and servicing of amounts to be loaned to borrowers, so long as at all times the Bondowner Representative can determine the amounts attributable to the Bonds and the Loan and any investment earnings thereon.

ARTICLE IV

REDEMPTION OF BONDS

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

(a) The Bonds shall be subject to redemption in whole or in part on any date that the Note is subject to prepayment, at a price equal to the principal amount of Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, plus a Premium equal in amount to any premium payable pursuant to the Note in connection with the related prepayment of the Note (as required or permitted under the terms of the Note), upon and in an amount equal to any such prepayment of the principal of the Note in whole or in part.

(b) The Bonds shall be subject to redemption in whole on any date at a price equal to the principal amount of Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, plus a Premium equal in amount to any premium paid in connection with the prepayment of the Note (as required under the terms of the Note), upon the occurrence of an Event of Default under and as defined in the Loan Agreement and a written request of the Bondowner Representative that a redemption in full of the Bonds occur.

(c) The Bonds shall be subject to redemption in part, at a price equal to the principal amount of Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption, without premium, upon and in the amount of any scheduled payment of principal of the Note.

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

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

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

All Bonds fully redeemed pursuant to the provisions of this Article IV shall be destroyed by the Bondowner Representative, which shall thereupon deliver to the Issuer, upon the Issuer's written request, a certificate evidencing such destruction.

ARTICLE V

REVENUES

Section 5.01. Power to Issue Bonds; Pledge of Revenues. The Issuer is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Revenues and other assets purposed to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Issuer has duly authorized the execution and delivery of the Bonds and the Indenture under the terms and provisions of the Housing Act and a resolution adopted by the Board of Supervisors of the Issuer and further represents, covenants and warrants that all requirements have been met and procedures have occurred in order to ensure the enforceability against the Issuer of the Bonds and the Indenture. The Issuer has taken all necessary action and has complied with all provisions of the Housing Act required to make the Bonds and the Indenture the valid, legal and binding limited obligations of the Issuer.

All of the Revenues are hereby irrevocably pledged to the punctual payment of the principal of and interest on the Bonds. The Issuer also hereby transfers, grants a security interest in and assigns to the Bondowner Representative, for the benefit of the holders from time to time of the Bonds all of its right, title and interest in (a) the Revenues, (b) all other amounts payable to Issuer under, or pursuant to, the Note and the other Loan Documents, including but not limited to all proceeds of any title insurance policy, casualty insurance policy or other insurance policy, all proceeds of any condemnation or other taking and all revenues, proceeds, payments and other amounts received from any foreclosure (or action in lieu of foreclosure) or other enforcement action taken pursuant to the Deed of Trust or any other Loan Document

(other than the Reserved Rights and amounts that are not Revenues); (c) all amounts from time to time on deposit in any fund or account created hereunder, under the Loan Agreement or under any other Loan Document and held by the Bondowner Representative; (d) the Deed of Trust; (e) the Loan Agreement (except for the Reserved Rights and amounts that are not Revenues); (f) the Note; (g) the other Loan Documents; (h) any other amounts or agreements referenced in the Loan Agreement as security for the repayment of the Bonds; and (i) all proceeds of the foregoing, whether voluntary or involuntary; provided, however, that any amounts or payments specifically excluded from the definition "Revenues" in Section 1.01 hereof shall not be pledged, in any case, to the payment of the Bonds under this Section 5.01. Any Revenues which are collected or received by the Issuer shall be deemed to be held, and to have been collected or received, by the Issuer as the agent of the Bondowner Representative, and shall forthwith be paid by the Issuer to the Bondowner Representative.

The Issuer hereby acknowledges and agrees that, as a result of the assignment and pledge provided for in this Section 5.01, the Issuer has assigned and pledged to Bondowner Representative, and Bondowner Representative shall have the sole right to hold and exercise, all of the rights and remedies given to Issuer under the Loan Agreement, the Note, the Deed of Trust and the other Loan Documents (except for the Reserved Rights and as expressly set forth in the Regulatory Agreement, which allows the Issuer to independently pursue remedies thereunder), including, but not limited to, the following: (i) the right to administer and service the Loan; (ii) the right to enforce the terms and provisions of the Loan Documents; (iii) the right to record and/or file all documents, instruments and agreements which Bondowner Representative deems necessary or desirable to create, preserve, protect and/or release the liens created by the Deed of Trust and the other Loan Documents; and (iv) the right to collect, hold and disburse amounts to be collected, held and/or disbursed under the Loan Documents, including, but not limited to, principal, interest, fees (other than fees payable to the Issuer), default interest, late payment charges, real estate tax impounds, insurance impounds, operating reserve deposits, replacement reserve deposits, title insurance proceeds, casualty insurance proceeds, other insurance proceeds, condemnation and other taking awards and proceeds and other amounts.

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

The Bonds are limited obligations of the Issuer, payable solely from and secured by the pledge of the Revenues hereunder. None of the Issuer, the City of Pinole or the State of California or any of its political subdivisions shall be directly, indirectly, contingently or morally obligated to use any other moneys or assets to pay all or any portion of the debt service due on the Bonds, to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Bonds are not a pledge of the faith and credit of the Issuer, the City of Pinole or the State of California or any of its political subdivisions nor do they constitute indebtedness within the meaning of any constitutional or statutory debt limitation.

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

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

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

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

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

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

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

Except as otherwise provided in the next sentence, all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of Section 148 of the Code). The Bondowner Representative shall have no duty to determine Fair Market Value or present value hereunder.

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

Any interest, profit or loss on such investment of moneys in any fund or account shall be credited or charged to the respective funds or accounts from which such investments are made. The Bondowner Representative may sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment, and

the Bondowner Representative shall not be liable or responsible for any loss resulting from such sale or redemption.

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

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

Section 5.04. Enforcement of Obligations. The Bondowner Representative shall be entitled (but not required, unless (i) requested to do so by the holders of a majority in principal amount of the Bonds then outstanding and (ii) if required by the Bondowner Representative, provided with indemnification to its satisfaction against the costs, expenses and liabilities incurred in compliance with such request) to take all steps, actions and proceedings reasonably necessary in its judgment: (a) to enforce the terms, covenants and conditions of, and preserve and protect the priority of its interest in and under, the Loan Agreement, any other Loan Document, the Regulatory Agreement and the Deed of Trust, (b) to require compliance with all covenants, agreements and conditions on the part of the Issuer contained in this Indenture with respect to the Revenues, and (c) to be reimbursed for its expenses (including reasonable attorney's fees) by the Borrower in taking any action referred to in the preceding clauses (a) and/or (b).

ARTICLE VI

COVENANTS OF THE ISSUER

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

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

Section 6.03. Preservation of Revenues; Amendment of Documents. The Issuer (a) shall not take any action to interfere with or impair the pledge and assignment hereunder of

Revenues and the assignment to the Bondowner Representative of rights of the Issuer under the Agreement and the Deed of Trust, or the Bondowner Representative's enforcement of any rights hereunder or thereunder, (b) shall not take any action to impair the validity or enforceability of the Agreement or the Deed of Trust, and (c) shall not waive any of its rights under or any other provision of or permit any amendment of the Agreement or the Deed of Trust, without the prior written consent of the Bondowner Representative; provided that such consent of the Bondowner Representative shall not be required if the Bondowner Representative shall have received an opinion of Bond Counsel to the effect that such amendment (i) is required to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes or compliance by the Bonds or the Development with the Housing Act and the laws of the State of California; and (ii) will not adversely affect the interests of the Bondholders.

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

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

Section 6.06. No Arbitrage. Solely in reliance upon the covenants and representations of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, the Issuer shall not take, nor permit nor suffer to be taken by the Bondowner Representative or otherwise, any action with respect to the gross proceeds of the Bonds which if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of the issuance of the Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and Regulations promulgated thereunder.

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

Section 6.08. Rebate of Excess Investment Earnings to United States. The Issuer hereby covenants, solely in reliance upon the covenants and representations of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate (including the Borrower's covenants in Sections 3.3(h)(iv), 11.39 and 11.44(c) in the Loan Agreement and in Section 2(r) of the Regulatory Agreement) to calculate or cause to be calculated excess

investment earnings to the extent required by Section 148(f) of the Code and the Borrower shall cause payment of an amount equal to excess investment earnings to the United States in accordance with the Regulations, all at the sole expense of the Borrower.

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

Section 6.10. Federal Guarantee Prohibition. The Issuer covenants that it shall take no action nor, solely in reliance upon the covenants and representations of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, knowingly permit nor suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of the Code.

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

Section 6.12. Use Covenant. Solely in reliance upon the covenants and representations of the Borrower in the Loan Agreement, in the Regulatory Agreement and in the Tax Certificate, the Issuer shall not use or knowingly permit the use of any proceeds of Bonds or any other funds of the Issuer, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in any of the Bonds being treated as an obligation not described in Section 142(d) of the Code by reason of such Bond not meeting the requirements of Section 142(d) of the Code.

Section 6.13. Immunities and Limitations of Responsibility of Issuer. The Issuer shall be entitled to the advice of counsel (who, except as otherwise provided, may be counsel for any Bondholder), and the Issuer shall be wholly protected as to action taken or omitted in reliance on such advice. The Issuer may rely conclusively on any communication or other document furnished to it hereunder and reasonably believed by it to be genuine. The Issuer shall in no event be liable for the application or misapplication of funds or for other acts or defaults by any person, except its own officers and employees. When any payment or consent or other action by it is called for hereby, it may defer such action pending receipt of such evidence (if any) as it may require in support thereof. The Issuer shall not be required to take any remedial action (other than the giving of notice) unless indemnity in a form acceptable to the Issuer is furnished for any expense or liability to be incurred in connection with such remedial action, other than liability for failure to meet the standards set forth in this Section. The Issuer shall be entitled to reimbursement from the Borrower for its expenses reasonably incurred or advances reasonably made, with interest at the rate of interest on the Bonds, in the exercise of its rights or the performance of its obligations hereunder, to the extent that it acts without previously obtaining

indemnity. No permissive right or power to act which the Issuer may have shall be construed as a requirement to act; and no delay in the exercise of a right or power shall affect its subsequent exercise of the right or power.

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

The Borrower has indemnified the Issuer against certain acts and events as set forth in Section 11.38 of the Loan Agreement and Section 9 of the Regulatory Agreement. Such indemnities shall survive payment of the Bonds and discharge of the Indenture.

Section 6.14. Additional Representations by the Issuer. The Issuer hereby represents and warrants to the Bondholders and the Bondowner Representative that, as of the Closing Date:

(a) The Issuer is a political subdivision and body corporate and politic of the State and is duly authorized enter into and perform its obligations under this Indenture.

(b) All requirements have been met and procedures have occurred in order to authorize the execution and delivery by the Issuer of this Indenture. The Issuer has taken all necessary action and has complied with all provisions of the law required to make this Indenture a valid and binding limited obligation of the Issuer, except to the extent limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity, or by public policy.

(c) The Bonds have been duly authorized, executed and delivered by the Issuer. Nothing in this Indenture shall be construed as requiring the Issuer to provide any financing for the Development, other than to use the proceeds of the Bonds to make the Loan, or to provide sufficient moneys for all of the cost of financing the Project.

(d) To the best knowledge of the Issuer, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the Issuer that (i) affects or seeks to prohibit, restrain or enjoin the execution or delivery of this Indenture, the origination of the Loan or the lending of the proceeds of the Loan to the Borrower, or the execution and delivery of the Loan Documents, (ii) affects or questions the validity or enforceability of the Bonds or the Loan Documents, or (iii) questions the tax-exempt status of interest on the Bonds.

(e) The Issuer will take all actions required by the Code to enable the Issuer to use the 2011 Allocation in connection with advances of the purchase price of the Bonds until the earlier of the Conversion Date or December 31, 2014.

The Issuer makes no representation or warranty that the Development will be adequate or sufficient for the purposes of the Borrower. Nothing in this Indenture shall be construed as requiring the Issuer to provide any financing for the Development other than from the proceeds of the Loan.

ARTICLE VII

DEFAULT

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

(a) failure to pay the principal of any Bond when and as the same shall become due and payable (including but not limited to amounts due on the Bonds under Section 4.01 hereof), whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(b) failure to pay any installment of interest on any Bond when such interest installment shall become due and payable; and

(c) failure by the Issuer to perform or observe any other of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, and the continuation of such failure for a period of thirty (30) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Issuer and the Borrower by the Bondowner Representative, or to the Issuer, the Borrower and the Bondowner Representative by the holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time outstanding.

Notwithstanding the foregoing, a default by the Borrower under the Deed of Trust or the Loan Agreement shall not, in itself, constitute an Event of Default under this Indenture.

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

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

The preceding paragraph, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, there shall have been deposited with the Bondowner Representative a sum sufficient to pay all the principal of the Bonds matured or required to be redeemed prior to

such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal, Premium, and the reasonable fees and expenses of the Bondowner Representative, its agents and counsel, and any and all other defaults actually known to a Responsible Officer of the Bondowner Representative (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Bondowner Representative or provision deemed by the Bondowner Representative to be adequate shall have been made therefor, then, and in every such case, the holders of at least a majority in aggregate principal amount of the Bonds then outstanding, by written notice to the Issuer and to the Bondowner Representative and with indemnification satisfactory to the Bondowner Representative, may, on behalf of the holders of all the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission, annulment or waiver shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Section 7.02. Institution of Legal Proceedings by Bondowner Representative. If one or more of the Events of Default shall occur, the Bondowner Representative in its discretion may proceed to protect or enforce its rights or the rights of the holders of Bonds under the Housing Act or under this Indenture and the Agreement, by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein or therein, or in aid of the execution of any power herein or therein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Bondowner Representative shall deem most effectual in support of any of its rights or duties hereunder.

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

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

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

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

Fourth: To the Borrower.

Section 7.04. Effect of Delay or Omission to Pursue Remedy. No delay or omission of the Bondowner Representative or of any holder of Bonds to exercise any right or power arising from any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every power and remedy given by this Article VII to the Bondowner Representative or to the holders of Bonds may be exercised from time to time and as often as shall be deemed expedient. In case the Bondowner Representative shall have proceeded to enforce any right under this Indenture, and such proceedings shall have been discontinued or abandoned because of waiver or for any other reason, or shall have been

determined adversely to the Bondowner Representative, then and in every such case the Issuer, the Bondowner Representative and the holders of the Bonds, severally and respectively, shall be restored to their former positions and rights hereunder in respect to the trust estate; and all remedies, rights and powers of the Issuer, the Bondowner Representative and the holders of the Bonds shall continue as though no such proceedings had been taken.

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

Section 7.06. Covenant to Pay Bonds in Event of Default. The Issuer covenants that, upon the happening of any Event of Default, the Issuer will pay to the Bondowner Representative upon demand, but only out of Revenues, for the benefit of the holders of the Bonds, the whole amount then due and payable thereon (by declaration or otherwise) for interest or for principal, or both, as the case may be, Premium and all other sums which may be due hereunder or secured hereby, including reasonable compensation to the Bondowner Representative, its agents and counsel, and any expenses or liabilities incurred by the Bondowner Representative hereunder. In case the Issuer shall fail to pay the same forthwith upon such demand, the Bondowner Representative, in its own name, and upon being indemnified to its satisfaction shall be entitled to institute proceedings at law or in equity in any court of competent jurisdiction to recover judgment for the whole amount due and unpaid, together with costs and reasonable attorneys' fees, subject, however, to the condition that such judgment, if any, shall be limited to, and payable solely out of, Revenues and any other assets pledged, transferred or assigned to the Bondowner Representative under Section 5.01 as herein provided and not otherwise. The Bondowner Representative shall be entitled to recover such judgment as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of this Indenture, and the right of the Bondowner Representative to recover such judgment shall not be affected by the exercise of any other right, power or remedy for the enforcement of the provisions of this Indenture.

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

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

Section 7.09. Limitation on Bondholders' Right to Sue. No holder of any Bond issued hereunder (except the Bondowner Representative, if it is a holder of Bonds) shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless (a) such holder shall have previously given to the Bondowner Representative written notice of the occurrence of an Event of Default hereunder; (b) the holders of at least a

majority in aggregate principal amount of all the Bonds then outstanding shall have made written request upon the Bondowner Representative to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said holders shall have tendered to the Bondowner Representative indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Bondowner Representative shall have refused or omitted to comply with such request for a period of thirty (30) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Bondowner Representative.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any holder of Bonds (except the Bondowner Representative, if it is a holder of Bonds) of any remedy hereunder; it being understood and intended that no one or more holders of Bonds (except the Bondowner Representative, if it is a holder of Bonds) shall have any right in any manner whatever by its or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all holders of the outstanding Bonds.

The right of any holder of any Bond to receive payment of the principal of (and premium, if any) and interest on such Bond out of Revenues, as herein and therein provided, on and after the respective due dates expressed in such Bond, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such holder, except as otherwise provided or allowed pursuant to Sections 5.04, 7.02 and/or 7.08 of this Indenture.

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

ARTICLE VIII

THE BONDOWNER REPRESENTATIVE AND AGENTS

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

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

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

(a) the duties and obligations of the Bondowner Representative shall be determined solely by the express provisions of this Indenture, the Bondowner Representative shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Bondowner Representative; and in the absence of bad faith on the part of the Bondowner Representative, the Bondowner Representative may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Bondowner Representative conforming to the requirements of this Indenture;

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

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

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

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

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

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

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

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

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

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

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

(m) The Bondowner Representative shall have no duty to review any financial statements, budgets or other financial information filed with it by or on behalf of the Borrower under or pursuant to the Loan Agreement.

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

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

(a) The Bondowner Representative may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond or other paper or document reasonably

believed by it to be genuine and to have been signed and presented by the proper party or parties;

(b) Any consent, demand, direction, election, notice, order or request of the Issuer mentioned herein shall be sufficiently evidenced by a Written Consent, Written Demand, Written Direction, Written Election, Written Notice, Written Order or Written Request of the Issuer, and any resolution of the Issuer may be evidenced to the Bondowner Representative by a Certified Resolution;

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

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

(e) The Bondowner Representative shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Bondowner Representative, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

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

Section 8.04. Intervention by Bondowner Representative. So long as and only during any period in which the Bondowner Representative is not the sole owner of the Bonds, the Bondowner Representative may intervene on behalf of the owners of the Bonds in any judicial proceeding to which the Issuer is a party and which, in the opinion of the Bondowner Representative and its counsel, has a substantial bearing on the interests of owners of the Bonds

and, subject to the provisions of Section 8.01(d), shall do so if requested in writing by the owners of a majority in aggregate principal amount of all Bonds then outstanding.

Section 8.05. Moneys Received by Bondowner Representative. So long as and only during any period in which the Bondowner Representative is not the sole owner of the Bonds, all moneys received by the Bondowner Representative shall, until used or applied as herein provided, be held for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law or as otherwise provided herein. The Bondowner Representative shall be under no liability for interest on any moneys received by it hereunder except such as it may agree with the Issuer or the Borrower to pay thereon.

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

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

Section 8.07. Qualifications of Bondowner Representative. There shall at all times be a Bondowner Representative hereunder which shall be (a) Wells Fargo Bank, National Association, prior to the Conversion Date; (b) CCRC, on and after the Conversion Date; or (c) in connection with a sale or transfer of the Bonds, an Authorized Participant or other owner of the Bonds as permitted by Section 2.05(b). Any change in the Bondowner Representative referred to in the preceding clause (c) shall be only at the written request of a majority of the principal

amount of all of the Bonds outstanding, and any such successor Bondowner Representative shall be reasonably acceptable to the Issuer. Any successor Bondowner Representative referred to in clause (c) of the first sentence of this Section 8.07 shall acknowledge its acceptance of its obligations under this Indenture by a written instrument delivered to the Issuer, the Borrower and, if the successor is not the sole owner of all of the Bonds then Outstanding, the owners of the Bonds.

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

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

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

If a third party makes a claim against the Issuer that may be subject to indemnification pursuant to this Section 8.10, the Issuer shall give prompt written notice of such claim to the Bondholder Representative; provided, however, that the failure to provide such notice shall not release the Bondholder Representative from any of its obligations hereunder except only to the extent the Bondholder Representative is prejudiced by such failure. The Bondholder Representative shall be entitled to assume and control the defense of such claim at its expense through counsel of its choice, provided that such counsel is reasonably satisfactory to the Issuer. The Issuer shall cooperate with the Bondholder Representative, at the expense of the Bondholder Representative, in such defense and make available to the Bondholder Representative any witnesses, pertinent records, materials and information in the Issuer's possession as reasonably required by the Bondholder Representative. The Issuer shall have no right to settle or compromise any claim or consent to the entry of any judgment against the Issuer which is the subject of indemnification hereunder without the prior written consent of the Bondholder Representative; and the Bondholder Representative shall have no right to settle or compromise any claim or consent to the entry of any judgment against the Issuer without the prior written consent of the Issuer.

Section 8.11. Bondowner Representative Not Agent of Issuer. The Bondowner Representative acknowledges that notwithstanding any other provision of this Indenture, the Bondowner Representative is acting as an independent contractor and not as the agent of Issuer in servicing and administering the Bonds and the Loan.

ARTICLE IX

MODIFICATION OF INDENTURE

Section 9.01. Modification of Indenture. With the prior written consent of the Bondowner Representative, the Issuer and the Bondowner Representative may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture. Upon receipt by the Bondowner Representative of a Certified Resolution authorizing the execution by the Issuer of any such supplemental indenture, and upon the written consent of the Bondowner Representative thereto, the Bondowner Representative shall join with the Issuer in the execution of such supplemental indenture, unless such supplemental indenture affects the rights or obligations of the Borrower or any general partner or limited partner of the Borrower hereunder or under the Loan Agreement, in which case the Bondowner Representative shall enter into such supplemental indenture only if the Bondowner Representative has received the Borrower's, or such general partner's or limited partner's, as applicable, written consent thereto.

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

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

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

Section 9.04. Notation of Modification on Bonds; Preparation of New Bonds. Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article IX may bear a notation, in form approved by the Bondowner Representative and the Issuer, as to any matter provided for in such supplemental indenture, and if such supplemental indenture shall so provide, new Bonds, so modified as to conform, in the opinion of the Bondowner Representative and the Issuer, to any modification of this

Indenture contained in any such supplemental indenture, may be prepared and authenticated by the Bondowner Representative and delivered without cost to the holders of the Bonds then outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

ARTICLE X

DISCHARGE OF INDENTURE

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

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

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

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

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

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

ARTICLE XI

MISCELLANEOUS

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

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

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

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

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

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

The Issuer or the Administrator:	County of Contra Costa Department of Conservation and Development 2530 Arnold Drive, Suite 190 Martinez, CA 94553-1229 Attention: Affordable Housing Program Manager
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The Bondowner Representative prior to the Conversion Date:	Wells Fargo Bank, National Association Community Lending and Investment MAC #A0194-090 45 Fremont Street, 9 th Floor San Francisco, CA 94105
The Bondowner Representative on and after the Conversion Date:	California Community Reinvestment Corporation 225 West Broadway, Suite 120 Glendale, CA 91204 Attention: President
The Borrower:	John Street Housing Associates, L.P. 345 Spear Street, Suite 700 San Francisco, CA 94105 Attention: President
with a copy to:	the Investor Limited Partner
The Investor Limited Partner:	Wells Fargo Affordable Housing Community Development Corporation Its Successors and Assigns ATIMA 301 South College Street, MAC: D1053-170 Charlotte, NC 28288-0173 Attention: Director of Tax Credit Asset Management
with a copy to:	Sidley Austin LLP One South Dearborn Street Chicago, IL 60603 Attention: Frederick R. Meyer, Esq.

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

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

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

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

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

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

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

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

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

Section 11.10. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next

succeeding Business Day with the same force and effect as if done on the date provided therefor in this Indenture and, in the case of any payment, no interest shall accrue for the period from and after such date.

Section 11.11. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same instrument.

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

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

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

COUNTY OF CONTRA COSTA,
CALIFORNIA

By  _____
Steven Goetz,
Deputy Director-Redevelopment

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Bondowner
Representative

By _____
Jeff Bennett,
Vice President

[Signature Page to Indenture of Trust - Pinole Grove Senior Housing]

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

COUNTY OF CONTRA COSTA,
CALIFORNIA

By _____
Steven Goetz,
Deputy Director-Redevelopment

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Bondowner
Representative

By _____

Jeff Bennett,
Senior Vice President

[Signature Page to Indenture of Trust – Pinole Grove Senior Housing]

EXHIBIT A
FORM OF BOND

THIS BOND MAY BE OWNED ONLY BY AN "APPROVED INSTITUTIONAL BUYER" (AS SUCH TERM IS DEFINED IN THE INDENTURE REFERENCED BELOW) OR OTHER ENTITY PERMITTED UNDER THE INDENTURE, AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND (A) REPRESENTS THAT IT IS AN APPROVED INSTITUTIONAL BUYER OR OTHER PERMITTED TRANSFEREE, AND (B) ACKNOWLEDGES THAT IT CAN ONLY TRANSFER THIS BOND TO ANOTHER APPROVED INSTITUTIONAL BUYER OR OTHER PERMITTED TRANSFEREE.

COUNTY OF CONTRA COSTA
MULTIFAMILY HOUSING REVENUE BOND
(PINOLE GROVE SENIOR HOUSING),
SERIES 2011A

Dated Date	Maturity Date
October 13, 2011	October 1, 2046

REGISTERED OWNER: WELLS FARGO BANK, NATIONAL ASSOCIATION

PRINCIPAL SUM: Up to FOUR MILLION THREE HUNDRED THOUSAND DOLLARS

The County of Contra Costa, California, a political subdivision and body corporate and politic of the State of California (herein called the "Issuer"), for value received, hereby promises to pay (but only out of Revenues as hereinafter provided) to the Registered Owner identified above or registered assigns, on the Maturity Date identified above (subject to prior redemption as provided herein) the sum of up to Four Million Three Hundred Thousand Dollars (\$4,300,000.00) in lawful money of the United States, with interest thereon from the date of disbursement until paid at the interest rates described below. The actual unpaid principal hereof shall be equal to the funds disbursed by the Bondowner under the Indenture of Trust, dated as of October 1, 2011 (the "Indenture"), between the Issuer and Wells Fargo Bank, National Association, as Bondowner Representative, to fund the Loan, less any portion of the principal hereof redeemed pursuant to the Indenture. Capitalized terms used in this Bond and not defined herein shall have the meanings given such terms in the Indenture, or in the Note (as such term is defined in the Indenture) made by John Street Housing Associates, L.P., a California limited partnership (the "Borrower"), to the order of the Issuer.

The Issuer shall make monthly payments on this Bond of accrued interest only on funds actually disbursed by the Bondowner under the Indenture to fund the Loan to the Borrower under the Loan Agreement. This Bond shall bear interest, payable on the first Business Day (as defined in the Indenture) of each month, commencing November 1, 2011 (each, an "Interest Payment Date") at the same rate of interest as in effect from time to time on the Note, and computed in the same manner as interest is computed from time to time on the Note, as provided in Section 2.02 of the Indenture. In addition, principal of this Bond shall be payable in installments on the same dates and in the same amounts as is the principal payable on the Loan, as evidenced by the Note, as provided in Section 2.02 of the Indenture.

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

from such Interest Payment Date, or unless it is authenticated on or before the first Interest Payment Date, in which event it shall bear interest from the Closing Date.

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

This Bond is one of a duly authorized issue of bonds of the Issuer designated as "County of Contra Costa Multifamily Housing Revenue Bonds (Pinole Grove Senior Housing), Series 2011A" (the "Bonds"), in the initial aggregate principal amount of up to \$4,300,000, authorized to be issued pursuant to Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California, and issued under and secured by the Indenture. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Bondowner Representative and of the rights and obligations of the Issuer thereunder, to all of the provisions of which Indenture the holder of this Bond, by acceptance hereof, assents and agrees. The proceeds of the Bonds will be used to make a loan to the Borrower pursuant to a Loan Agreement, dated as of October 1, 2011 (the "Loan Agreement") among the Bondowner Representative, the Issuer and the Borrower, to finance the acquisition and rehabilitation of a residential rental project known as Pinole Grove Senior Housing, located at 800 John Street in the City of Pinole, California.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF CERTAIN REVENUES UNDER THE INDENTURE. NEITHER THE ISSUER, THE MEMBERS OF ITS BOARD OF SUPERVISORS, THE STATE OF CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION.

The Bonds are limited obligations of the Issuer and, as and to the extent set forth in the Indenture, are payable solely from, and secured by a pledge of and lien on, the Revenues (as that term is defined in the Indenture), consisting primarily of amounts paid by the Borrower pursuant to the Loan Agreement.

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

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

This Bond is transferable by the registered owner hereof, in person, or by its attorney duly authorized in writing, at the Principal Office of the Bondowner Representative, but only in the manner, subject to the limitations (including those contained in Section 2.05(b) and (c) of the

Indenture) and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond will be issued to the transferee in exchange herefor. The Issuer and the Bondowner Representative may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Issuer and the Bondowner Representative shall not be affected by any notice to the contrary. By its acceptance of this Bond, the registered owner hereof agrees not to sell any participating interests in this Bond, except as permitted by the Indenture.

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

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

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

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

COUNTY OF CONTRA COSTA

By _____
Chair of the Board of Supervisors

Attest:

By: _____
Clerk of the Board of Supervisors

FORM OF CERTIFICATE OF AUTHENTICATION

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

Dated: _____

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Bondowner Representative

By _____
Authorized Officer

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint _____, attorney, to transfer the same on the registration books of the Bondowner Representative, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a eligible guarantor.

NOTICE: The signature on this assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT B

FORM OF INVESTOR'S LETTER

County of Contra Costa
Martinez, California

Wells Fargo Bank, National Association
San Francisco, California

Re: County of Contra Costa Multifamily Housing Revenue Bonds (Pinole Grove Senior Housing), Series 2011A

Ladies and Gentlemen:

The undersigned (the "Purchaser"), being the purchaser of the above-referenced bonds (the "Bonds") issued pursuant to the Indenture of Trust, dated as of October 1, 2011 (the "Indenture"), between the County of Contra Costa (the "Issuer") and Wells Fargo Bank, National Association, as the initial Bondowner Representative (the "Bondowner Representative"), does hereby certify, represent and warrant for the benefit of the Issuer and the Bondowner Representative that:

(a) The Purchaser is an "Approved Institutional Buyer."

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

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

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

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

Borrower under the Loan Agreement are not recourse obligations against the general assets of the Borrower, but are secured only by the assets of the Borrower referred to in the Loan Agreement. The Purchaser has been provided an opportunity to ask questions of, and the Purchaser has received answers from, representatives of the Borrower and the Bondowner Representative regarding the terms and conditions of the Bonds. The Purchaser has obtained all information requested by it in connection with the issuance of the Bonds as it regards necessary to evaluate all merits and risks of its investment in the Bonds. The Purchaser has reviewed the documents executed in conjunction with the issuance of the Bonds, including, without limitation, the Indenture, the Loan Documents and the Regulatory Agreement.

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

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

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

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

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

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

Failure to comply with the provisions of Section 2.05 of the Indenture shall cause the purported transfer to be null and void. The Purchaser agrees to indemnify and hold harmless the Issuer with respect to any claim asserted against the Issuer that arises with respect to any sale, transfer or other disposition of the Bonds by the Purchaser or any transferee thereof in violation of the provisions of the Indenture.

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

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

(n) The Purchaser acknowledges that interest on a Bond is not excludable from gross income of the owner thereof for federal income tax purposes for any period during which such Bond is owned by a person who is a substantial user of the facilities financed by the Bonds or any person considered to be related to such substantial user (within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended).

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

[PURCHASER]

By: _____
Name: _____
Title: _____

THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA
and for Special Districts, Agencies and Authorities Governed by the Board

Adopted this Resolution on 03/15/2011 by the following vote:

		John Gioia
AYES:	<input type="checkbox"/>	Gayle B. Uilkema
	<input type="checkbox"/>	Mary N. Piepho
	<input type="checkbox"/>	Karen Mitchoff
NOES:	<input type="checkbox"/>	
ABSENT:	<input type="checkbox"/>	Federal D. Glover
ABSTAIN:	<input type="checkbox"/>	
RECUSE:	<input type="checkbox"/>	



Resolution No. 2011/104

RESOLUTION AUTHORIZING THE ISSUANCE OF MULTIFAMILY HOUSING REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED SIX MILLION DOLLARS (\$6,000,000) FOR THE FINANCING OF A SENIOR RESIDENTIAL RENTAL PROJECT GENERALLY KNOWN AS PINOLE GROVE SENIOR HOUSING, PINOLE.

WHEREAS, the County of Contra Costa (the "County") is authorized to issue multifamily housing revenue bonds pursuant to Section 52075 and following of the California Health and Safety Code;

WHEREAS, the County desires to participate in financing the development of a 70-unit senior residential rental development generally known as Pinole Grove Senior Housing and located at 800 John Street (APNs 401-186-035-2 and 401-186-035-3), Pinole, California (the "Project"), which initially will be owned by BRIDGE Housing Ventures, Inc., a California Limited Partnership (the "Borrower") and is expected to be initially operated by BRIDGE Property Management Company or another entity selected by the Borrower;

WHEREAS, to assist in financing the Project, the County intends to sell and issue not to exceed \$6,000,000 aggregate principal amount of its multifamily housing revenue bonds (the "Bonds") and to loan the proceeds thereof to the Borrower, thereby assisting in providing housing for low income persons;

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), the issuance of the Bonds by the County must be approved by an applicable elected representative body with respect to the Project following the conduct of a public hearing on the proposed financing;

WHEREAS, the Board of Supervisors of the County of Contra Costa (the "Board"), is the elected legislative body of the County and is one of the applicable elected representatives authorized to approve the issuance of the Bonds under Section 147(f) of the Code;

WHEREAS, pursuant to Section 147(f) of the Code, the Deputy Director – Redevelopment has, following notice duly given, held a public hearing regarding the financing of the Project and the issuance of the Bonds at which no public comments were made; and

WHEREAS, the Board now desires to approve the financing and the issuance of the Bonds;

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

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

Section 2. For purposes of Section 147(f) of the Code, the Board hereby authorizes the issuance of Bonds by the County to finance the Project. The sale and delivery of the Bonds shall be subject to the approval by the county of all financing documents to which it is a party.

Section 3. The adoption of this Resolution does not (1) relieve or exempt the Borrower from obtaining any other permits or approvals that are required by, or determined to be necessary from, the County in connection with the Project, nor (2) obligate the County to incur any obligation or provide financial assistance with respect to the Bonds or the Project.

Section 4. All actions heretofore taken by the officers and agents of the County with respect to the financing of the Project and the sale and issuance of Bonds are hereby approved, ratified and confirmed, and any authorized officer of the County 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 an all certificates, agreements and other documents, which any such officer may deem necessary or advisable in order to effectuate the purposes of this Resolution.

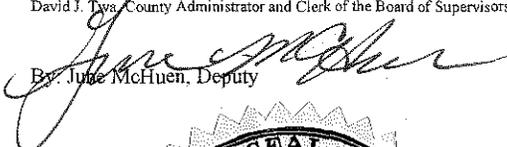
Section 5. This Resolution shall take effect upon its adoption.

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.

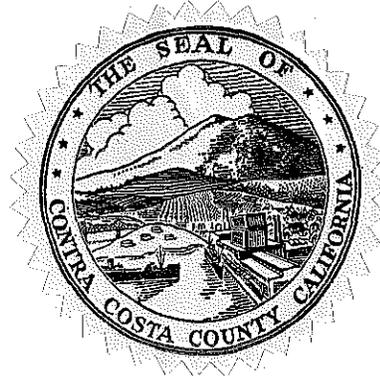
Contact: Jim Kennedy, 925-335-7225

ATTESTED: March 15, 2011

David J. Tava, County Administrator and Clerk of the Board of Supervisors

By:  Julie McHuen, Deputy

cc:



#2011-1201

THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA
and for Special Districts, Agencies and Authorities Governed by the Board

Adopted this Resolution on 09/20/2011 by the following vote:

John Gioia
Gayle B. Uilkema
Mary N. Piepho
Karen Mitchoff
Federal D. Glover

AYES: 5

NOES:

ABSENT:

ABSTAIN:

RECUSE:



Resolution No. 2011/324

RESOLUTION AUTHORIZING THE ISSUANCE OF REVENUE BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$4,800,000 TO FINANCE THE ACQUISITION AND REHABILITATION OF A MULTIFAMILY RENTAL HOUSING PROJECT FOR JOHN STREET HOUSING ASSOCIATES, L.P., AND OTHER MATTERS RELATING THERETO

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

WHEREAS, John Street Housing Associates, L.P., a California limited partnership (the "Developer") has requested that the County issue and sell revenue bonds (the "Bonds") to assist in the financing of the acquisition and rehabilitation of a 70 unit multifamily residential rental housing development (the "Development") located at 800 John Street in Pinole, California; and

WHEREAS, on March 2, 2011, the Redevelopment and Finance Programs Analyst of the County held a public hearing on the proposed issuance of the Bonds and the financing, ownership and operation of the Development, as required under the provisions of the Internal Revenue Code (the "Code") applicable to tax-exempt bonds, following published notice of such hearing, and communicated to the Board of Supervisors of the County all written and oral testimony received at the hearing; and

WHEREAS, on March 15, 2011, the Board of Supervisors of the County adopted Resolution No. 2011/104 authorizing the issuance of the Bonds in satisfaction of public approval the requirements of the Code; and

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

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

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

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

Section 2. Pursuant to the Act and the Indenture (hereinafter defined), bonds of the County designated as "County of Contra Costa Multifamily Housing Revenue Bonds (Pinole Grove Senior Housing), Series 2011A" in an aggregate principal amount of not to exceed \$4,800,000 (referred to in this Resolution as the "Bonds"), are hereby authorized to be issued. The Bonds shall be executed by the manual or facsimile signature of the Chair of the Board of Supervisors (the "Chair"), the facsimile of the seal of the County shall be reproduced thereon and attested by the manual or facsimile signature of the County Administrator and Clerk of the Board of Supervisors (the "County Administrator"), in the form set forth in and otherwise in accordance with the Indenture.

Section 3. The indenture of trust relating to the Bonds (the "Indenture") by and between the County and Wells Fargo Bank, National Association, as the initial bondowner representative (the "Bondowner Representative"), in the form on file with the Clerk of the Board, is hereby approved. Any one of the Chair of the Board of Supervisors, the Vice-Chair of the Board of

Supervisors, the County Administrator, the Director of Conservation and Development, the Deputy Director – Redevelopment and the Affordable Housing Program Manager (collectively, the “Designated Officers”) is hereby authorized, for and in the name and on behalf of the County, to execute and deliver the Indenture in said form, together with such additions thereto or changes therein as are recommended or approved by the Designated Officer executing the Indenture upon consultation with Bond Counsel to the County (including such additions or changes as are necessary or advisable in accordance with Section 8 hereof, provided that no additions or changes shall authorize an aggregate principal amount of the Bonds in excess of the amount set forth in Section 2 above), the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Indenture by the County. The date, maturity dates, interest rate or rates, privileges, manner of execution, place of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture as finally executed.

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

Section 5. The regulatory agreement and declaration of restrictive covenants relating to the Bonds, between the County and the Developer (the “Regulatory Agreement”), and the Assignment of Deed of Trust and Loan Documents, by the County in favor of the Bondowner Representative (the “Assignment”), in the respective forms on file with the Clerk of the Board, are hereby approved. Any one of the Designated Officers is hereby authorized, for and in the name and on behalf of the County, to execute and deliver the Regulatory Agreement and the Assignment in said forms, together with such additions thereto or changes therein as are recommended or approved by the Designated Officer executing the Regulatory Agreement and the Assignment upon consultation with Bond Counsel to the County (including such additions or changes as are necessary or advisable in accordance with Section 8 hereof), the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Regulatory Agreement and the Assignment by the County.

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

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

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

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

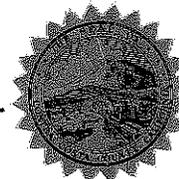
I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

Contact: Kristen Lackey, 335-7228

ATTESTED: September 20, 2011

David J. Twa, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy



cc:

#2011-1201

LOAN AGREEMENT

among

COUNTY OF CONTRA COSTA

as Issuer

WELLS FARGO BANK, NATIONAL ASSOCIATION

as Bondowner Representative

and

JOHN STREET HOUSING ASSOCIATES, L.P.
a California limited partnership

as Borrower

Relating to

\$4,300,000.00

County of Contra Costa

Multifamily Housing Revenue Bonds

(Pinole Grove Senior Housing),

Series 2011A

Dated as of October 1, 2011

The interests of the Issuer in this Loan Agreement and the Note, excluding the Reserved Rights, have been assigned to Wells Fargo Bank, National Association, as Bondowner Representative, pursuant to an Assignment of Deed of Trust and Loan Documents dated as of October 1, 2011 by the Issuer for the benefit of Wells Fargo Bank, National Association, as the initial Bondowner Representative.

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LOAN AGREEMENT

THIS LOAN AGREEMENT (this "**Loan Agreement**") is made and entered into as of October 1, 2011, by and among the COUNTY OF CONTRA COSTA (the "**Issuer**"), WELLS FARGO BANK, NATIONAL ASSOCIATION, and its successors and assigns ("**Bondowner Representative**"), and JOHN STREET HOUSING ASSOCIATES, L.P., a California limited partnership (the "**Borrower**").

WITNESSETH:

WHEREAS, the Issuer is a political subdivision and body corporate and politic of the State of California (the "**State**"); and

WHEREAS, pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California in accordance with Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code of the State of California, as amended (collectively the "**Act**"), the Issuer is authorized and empowered to issue revenue bonds and apply the proceeds to make loans for the construction and development of qualifying housing developments (defined in the Act to include buildings used to provide residential housing for four or more families); and

WHEREAS, Borrower has requested the Issuer to issue its County of Contra Costa Multifamily Housing Revenue Bonds (Pinole Grove Senior Housing), Series 2011A in the original principal amount of up to \$4,300,000.00 (the "**Bonds**") for the purpose of making a loan (the "**Loan**") to finance, in part, the acquisition and rehabilitation of a rental housing project consisting of a 70-unit multifamily rental housing project (the "**Improvements**" or the "**Project**") located at 800 John Street, Pinole, California, which is more particularly described on Exhibit A (the "**Property**"); and the Bonds shall be issued pursuant to an Indenture of Trust dated as of October 1, 2011, by and between Issuer and Bondowner Representative (the "**Indenture**"); and

WHEREAS, the Issuer deems it desirable and in keeping with its purpose to issue the Bonds and lend the proceeds thereof to Borrower for the purposes described above under the terms and conditions contained in this Loan Agreement; and

WHEREAS, to evidence the Loan, Borrower is executing in favor of the Issuer, that certain Promissory Note payable to the order of Issuer in the aggregate original principal amount of \$4,300,000.00 (the "**Note**"), which Note provides for the repayment of the Loan in amounts sufficient to pay, when due, the principal of, premium, if any, and interest on the Bonds, and Borrower has executed or caused to be executed and delivered to Issuer the Construction and Permanent Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "**Deed of Trust**") with respect to the Project, which Deed of Trust shall be assigned by Issuer to Bondowner Representative pursuant to that certain Assignment of Deed of Trust and Loan Documents, dated as of even date herewith, to secure, among other things, the payments due under the Note and this Loan Agreement; and

WHEREAS, in order secure additional financing for the Project, Borrower has obtained the following:

(i) a loan originally made by the Redevelopment Agency of the City of Pinole, a public body corporate and politic (the "**Agency**"), in the amount of \$900,000.00 (the "**Agency Loan**"), to BRIDGE Housing Corporation, a California nonprofit public benefit corporation ("**Developer**"), to whose interest in the Agency Loan BRIDGE Housing Ventures, Inc. ("**BHVT**") succeeded upon obtaining the Property from Developer, and as further assigned by Developer to Borrower, as governed by that certain First Amended and Restated Disposition and Development Agreement, dated as of October 15, 1993, as amended by that certain First Amendment to Amended and Restated Disposition and Development Agreement By and Between the Redevelopment Agency of the City of Pinole and BRIDGE Housing Corporation, dated as of September 30, 2011 (collectively, the "**Agency DDA**"), as evidenced by that certain Promissory Note dated on or about September 30, 2011, made by Developer to the order of Agency and secured by that certain Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing, dated as of September 30, 2011 (as amended, the "**Agency Deed of Trust**"), made by Developer for the benefit of the Agency,

recorded in the official records of the Recorder of the County of Contra Costa (the "**Official Records**") on or about the date hereof, as the same have been assigned by Developer to Borrower;

(ii) a loan made by the County of Contra Costa, a political subdivision and body corporate and politic of the State of California (the "**County**"), to Developer in the amount of \$1,100,000.00 (the "**County Loan**"), as evidenced by that certain Promissory Note (Pinole Grove CDBG and HOME Loan), dated as of October 1, 2011, made by Borrower to the order of the County, and secured by that certain Deed of Trust With Assignment of Rents, Security Agreement, and Fixture Filing, dated as of October 1, 2011 (as amended, the "**County Deed of Trust**"), made by Borrower for the benefit of the County, recorded in the Official Records on or about the date hereof;

(iii) a loan made by BHVI to Borrower in the original principal amount of \$128,818.00 (the "**BHVI Loan**"), as evidenced by that certain Promissory Note dated as of October 1, 2011, made by Borrower to the order of BHVI, and secured by that certain Deed of Trust With Assignment of Rents, dated as of October 1, 2011 (the "**BHVI Deed of Trust**"), made by Borrower for the benefit of BHVI and recorded in the Official Records on or about the date hereof;

(iv) a loan made by BHVI to Borrower in the original principal amount of \$2,617,834.00 (the "**Seller Loan**"), as evidenced by that certain Promissory Note dated as of October 1, 2011, made by Borrower to the order of BHVI, and secured by that certain Deed of Trust With Assignment of Rents, dated as of October 1, 2011 (the "**Seller Deed of Trust**"), made by Borrower for the benefit of BHVI and recorded in the Official Records on or about the date hereof; and

(v) a loan to be made by Wells Fargo Financial National Bank, a national association ("**AHP Lender**") in the original principal amount of \$700,000.00 (the "**AHP Loan**"), as evidenced by that certain Promissory Note (AHP Rental Project), and secured by that certain Subordinated Deed of Trust (Federal Home Loan Bank Affordable Housing Program) Residential Income Property (the "**AHP Deed of Trust**"), both to be executed by Borrower for the benefit of AHP Lender after the Closing Date; and

WHEREAS, Borrower has agreed to restrict the operation of the Property pursuant to the terms of (i) the restrictions contained in that certain Grant Deed (the "**Deed Restrictions**"), made by the Developer for the benefit of the Agency, recorded in the Official Records on October 19, 1993 as Instrument No. 93-293279, subject to which Borrower was transferred the Property, (ii) the Agency DDA, (iii) that certain Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants by and between Redevelopment Agency of the City of Pinole, BRIDGE Housing Corporation and BRIDGE Housing Ventures, Inc., dated as of September 30, 2011 (as amended, the "**Agency Regulatory Agreement**"), by and among Developer, BHVI and the Agency and recorded in the Official Records on or about the date hereof, as assigned by Developer to Borrower, (iv) that certain Regulatory Agreement and Declaration of Restrictive Covenants (Pinole Grove Apartments) (CDBG Funds and HOME Funds) (as amended, the "**County Regulatory Agreement**"), dated as of October 1, 2011, by and between the County and Borrower and recorded in the Official Records on or about the date hereof, and (v) that certain Regulatory Agreement (Federal Credits Only) (the "**TCAC Regulatory Agreement**"), dated as of September 27, 1994 and recorded in the Official Records on December 19, 1995 as Instrument No. 95-219550, originally made by TCAC and Pinole Grove Associates Ltd., a California limited partnership, to which the Borrower is subject as the successor-in-interest of Pinole Grove Associates Ltd. The lien of the Deed of Trust shall be senior and prior to the Deed Restrictions, Agency DDA, Agency Regulatory Agreement, County Regulatory Agreement and TCAC Regulatory Agreement; and

WHEREAS, additional funds shall be applied to the Project in the aggregate amount of \$2,577,221.00 (the "**Capital Contributions**"), from Wells Fargo Affordable Housing Community Development Corporation, a North Carolina corporation, in its capacity as investor limited partner in Borrower ("**Investor Limited Partner**"); and

WHEREAS, pursuant to that certain Bond Purchase Agreement dated of even date herewith (the "**Bond Purchase Agreement**") by and among Borrower, Bondowner Representative and California Community Reinvestment Corporation ("**CCRC**" or the "**Permanent Lender**"), CCRC has agreed, subject to the satisfaction of

the terms and conditions set forth therein, to purchase \$1,400,000.00 in principal amount of the Bonds from Bondowner Representative and thereafter for all purposes of this Loan Agreement and the Indenture become the Bondowner Representative; and

WHEREAS, the execution and delivery of this Loan Agreement and the issuance of the Bonds have been duly and validly authorized by the Issuer.

NOW, THEREFORE, the Issuer, Borrower and the Bondowner Representative, each in consideration of the representations, covenants and agreements of the other as set forth herein, mutually represent, covenant and agree as follows:

ARTICLE 1. DEFINITIONS

1.1 DEFINED TERMS. Capitalized terms used in this Loan Agreement and not otherwise defined have the meanings set forth for those terms in Section 1.01 of the Indenture.

“Account” shall have the meaning ascribed to such term in the Disbursement Plan attached hereto as Exhibit D.

“Act” has the meaning ascribed to such term in the second recital to this Loan Agreement.

“ADA” means the Americans with Disabilities Act, 42 U.S.C. §§ 12101, et seq. as hereinafter amended or modified.

“Additional Charges” has the meaning ascribed to such term in Section 3.4 of this Loan Agreement.

“Agency” shall have the meaning given such term in the Recitals to this Loan Agreement.

“Agency DDA” shall have the meaning given such term in the Recitals to this Loan Agreement.

“Agency Deed of Trust” shall have the meaning given such term in the Recitals to this Loan Agreement.

“Agency Loan” shall have the meaning given such term in the Recitals to this Loan Agreement.

“Agency Regulatory Agreement” shall have the meaning given such term in the Recitals to this Loan Agreement.

“AHP Deed of Trust” shall have the meaning given such term in the Recitals to this Loan Agreement.

“AHP Lender” shall have the meaning given such term in the Recitals to this Loan Agreement.

“Agency Loan” shall have the meaning given such term in the Recitals to this Loan Agreement.

“Applicable LIBO Rate” shall have the meaning ascribed to “LIBO Rate” in the Note.

“Application for Payment” has the meaning ascribed to such term in the Disbursement Plan attached hereto as Exhibit “D”.

“Approved Form” means the form of lease to be utilized in the leasing of the residential units as approved by the Bondowner Representative.

“Architect” means Ferrari Moe, LLP, a California limited liability partnership, or another architect approved in writing by Bondowner Representative.

“Architectural Contract” means that certain AIA Document B102 - 2007 Standard Form of Agreement Between Owner and Architect, dated as of September 9, 2011, relating to the Project, by and between Architect and Borrower, as may be amended or replaced from time to time.

“Assignment of Deed of Trust” means that certain Assignment of Deed of Trust and Loan Documents, dated as of even date herewith, by and among Issuer as Assignor and Bondowner Representative as Assignee, and consented to by Borrower.

“Bankruptcy Code” means the Bankruptcy Reform Act of 1978 (11 U.S.C. §§ 101-1330) as now or hereafter amended or recodified.

“BHVI” shall have the meaning given such term in the Recitals to this Loan Agreement.

“BHVI Deed of Trust” shall have the meaning ascribed to such term in the Recitals to this Loan Agreement.

“BHVI Loan” shall have the meaning ascribed to such term in the Recitals to this Loan Agreement.

“Bond Counsel” has the meaning ascribed to such term in Section 1.01 of the Indenture.

“Bond Documents” means the Indenture, the Bonds, the Regulatory Agreement and any other documents executed in connection with the issuance of the Bonds, including as applicable, the Loan Documents.

“Bond Fund” has the meaning ascribed to such term in Section 5.02 of the Indenture.

“Bond Purchase Agreement” means the Bond Purchase Agreement dated of even date herewith by and among Borrower, Bondowner Representative and CCRC pursuant to which and subject to the terms and conditions therein, CCRC has agreed to purchase \$1,400,000.00 in principal amount of the Bonds on Conversion.

“Bonded Work” shall have the meaning ascribed to such term in Section 10.1.

“Bondholder” has the meaning given to such term in the Indenture.

“Bondowner Representative” means Wells Fargo Bank, National Association and its successors and assigns, and as otherwise defined in Section 1.01 of the Indenture.

“Bonds” has the meaning ascribed to such term in the third recital to this Loan Agreement.

“Border Zone Property” means any property designated as “border zone property” under the provisions of California Health and Safety Code, Sections 25220 et seq., or any regulation, adopted in accordance therewith.

“Borrower” means John Street Housing Associates, L.P., a California limited partnership and its permitted successors and assigns.

“Borrower's Funds” means all funds of Borrower deposited with the Bondowner Representative pursuant to the terms and conditions of this Loan Agreement.

“Borrower's Funds Account” means an account at Bondowner Representative, from which no withdrawals are permitted without Bondowner Representative's consent, in which all deposits of funds required of Borrower pursuant to this Loan Agreement will be held.

“Business Day” means a day of the week (but not a Saturday, Sunday or holiday) on which the offices of Bondowner Representative are open to the public for carrying on substantially all of Bondowner Representative's business functions. Unless specifically referenced in this Loan Agreement as a Business Day, all references to “days” shall be to calendar days.

“Capital Contribution(s)” means the aggregate sum of approximately \$2,577,221.00, which the Investor Limited Partner has committed to contribute to the capital of Borrower in accordance with and subject to adjustment pursuant to the terms and conditions set forth in the Partnership Documents and as described below:

Payment	Amount	% of Total Investment	Timing
1	\$139,413.00	5%	Payable upon the satisfaction of the conditions set forth in Schedule A of the Partnership Agreement.
2	\$900,000.00	35%	Payable upon the satisfaction of the conditions set forth in Schedule B of the Partnership Agreement.
3	\$1,328,018.00	52%	Payable upon the satisfaction of the conditions set forth in Schedule C of the Partnership Agreement.
4	\$209,790.00	8%	Payable upon the satisfaction of the conditions set forth in Schedule D of the Partnership Agreement.
TOTAL	\$2,577,221.00	100.0%	Total Capital Contributions

“CCRC” means California Community Reinvestment Corporation, a California nonprofit public benefit corporation.

“CCRC Takeout Loan Maturity Date” shall have the meaning given such term in the Note.

“Closing Date” means October 13, 2011 or the date upon which the Deed of Trust is recorded in the Official Records.

“Code” means the Internal Revenue Code of 1986, as amended and with respect to a specific section thereof, such reference shall be deemed to include (a) the regulations promulgated by the United States Department of Treasury under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Completion Date” means October 31, 2012, the date by which rehabilitation of the Improvements must be completed.

“Construction Agreement” means that certain AIA Document A102 - 2007 Standard Form of Agreement Between Owner and Contractor, dated as of October 5, 2011, executed by and between Borrower and Contractor, for the rehabilitation of the Project, as may be amended or replaced from time to time.

“Construction Completion Installment” shall have the meaning given such term in the Partnership Agreement.

“Contractor” means RE West Builders, Inc., a California corporation.

“Conversion” shall have the meaning ascribed to that term in Section 6.1 of this Loan Agreement.

“Conversion Conditions” shall have the meaning ascribed to that term in Section 6.1 of this Loan Agreement.

“Conversion Date” shall have the meaning given such term in Section 3.5 of this Loan Agreement.

“County” means the County of Contra Costa.

“County Deed of Trust” shall have the meaning given such term in the Recitals to this Loan Agreement.

“County Loan” shall have the meaning given such term in the Recitals to this Loan Agreement.

“County Regulatory Agreement” shall have the meaning given such term in the Recitals to this Loan Agreement.

“Debt Service” means the actual monthly payment based upon the then current outstanding principal balance of the Loan (which, on the Conversion Date and after the payment of any required principal payment to pay down the Loan as required pursuant to the terms of this Loan Agreement and the Bond Purchase Agreement should be the Permanent Loan Amount) based on the amortization schedule and the interest rate specified in the Note for the remaining term of the Loan as of the date the Debt Service is calculated.

“Debt Service Coverage” means Net Operating Income divided by Debt Service, and may be expressed as a ratio (i.e., of X.XX:1.00).

“Decontrol Value” shall have the meaning ascribed to such term in Section 42 of the Code, assuming restricted rents convert to affordable rents over the three year deregulation period.

“Deed of Trust” means that certain Construction and Permanent Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing on the Property, dated as of even date herewith, as from time to time supplemented or amended.

“Deed Restrictions” shall have the meaning given such term in the Recitals to this Loan Agreement.

“Default” shall have the meaning ascribed to such term in Section 13.1.

“Default Rate” means the rate which is five percent (5%) above the then current Note Rate, provided, however, that in no event shall the Default Rate exceed the Maximum Interest Rate.

“Delivery Assurance Deed of Trust” shall mean that certain Delivery Assurance Deed of Trust, Security Agreement and Fixture Filing made by Borrower as Trustor to Title Company as Trustee for the benefit of CCRC, executed as of even date herewith.

“Delivery Assurance Note” means that certain Promissory Note (Delivery Assurance Fee) made by Borrower to the order of CCRC, executed as of even date herewith.

“Developer” means BRIDGE Housing Corporation, a California nonprofit public benefit corporation.

“Disbursement” means the drawdown purchase of Bonds and related disbursements of the Loan as provided in Sections 4.1, 4.2, 4.3 and 4.11.

“Disbursement Plan” means the Disbursement Plan set forth in Exhibit D, attached hereto and incorporated herein by reference.

“Dispute” shall have the meaning given such term in Section 15.46(a) to this Loan Agreement.

“DSCR” shall mean, for any Period, the ratio of Net Income for the Property to Debt Service, using the actual Net Income and Debt Service for such Period.

“Effective Date” means the date the Deed of Trust is recorded in the office of the County Recorder of the County where the Property is located.

“Effective Gross Income” means (i) the actual gross rental income of the Property, supported by a rent roll in form and substance acceptable to Bondowner Representative in its reasonable discretion, plus (ii) other

income from the Property, supported by evidence of such income acceptable to Bondowner Representative in its reasonable discretion, minus (iii) if the Property is leased beyond the underwritten stabilized occupancy, an amount representing a five percent (5.00%) vacancy factor.

“Engineer” means JBSE, Inc., d/b/a Jon Brody Structural Engineers, a California corporation, or another engineer approved in writing by Bondowner Representative..

“Engineering Agreement” means, collectively, that certain Consultant Services Agreement, dated as of September 8, 2011, and that certain Consultant Services Agreement, dated as of September 28, 2011, both by and between Borrower and Engineer.

“Environmental Reports” shall mean the reports referred to in Section 9.1(a) and any other environmental reports or updates requested by Bondowner Representative.

“Event of Default” means Default.

“Expenses” means all operating expenses incurred for or attributable to the Property, including a monthly accrual for taxes, insurance, replacement reserves and a reasonable management fee, but not including amounts payable under the Note during the Permanent Loan Period.

“Financial Requirements Analysis” means the Financial Requirements Analysis attached hereto as Exhibit C, as it may be amended from time to time with the written consent of Bondowner Representative.

“First Extended Mandatory Conversion Date” means April 1, 2013.

“First Option to Extend” means the option to extend the Mandatory Conversion Date pursuant to Section 3.6.

“First Reset Date” means the Conversion Date.

“First Reset Rate” shall have the meaning ascribed thereto in Section 3.8(a).

“General Partner” means John Street Housing LLC, a California limited liability company.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any body or entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including, without limitation, any court, and any entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

“Gross Income” shall mean, for any Period, the sum of all stabilized residential tenant lease income from the Property actually received in such Period, all stabilized commercial tenant lease income actually received from the Property in such Period, and only such other income actually received from the Property in such Period as is reasonably and in good faith approved by Bondowner Representative.

“Gross Operating Income” shall have the meaning ascribed to such term in Section 12.5.

“Guarantor” means BRIDGE Housing Corporation, a California nonprofit public benefit corporation, and any other person or entity who, or which, in any manner, is or becomes obligated to Bondowner Representative under any guaranty now or hereafter executed in connection with the Loan (collectively or severally as the context thereof may suggest or require).

“Hazardous Materials” shall have the meaning ascribed to such term in Section 9.1(a).

“Hazardous Materials Claims” shall have the meaning ascribed to such term in Section 9.1(c).

“Hazardous Materials Laws” shall have the meaning ascribed to such term in Section 9.1(b).

“Impositions” shall mean the meaning ascribed to such term in Section 11.23.

“Improvements” shall have the meaning ascribed to such term in the third recital to this Loan Agreement.

“Indemnitor” means Borrower, Developer and any other person or entity who, or which, in any manner, is or becomes obligated to Bondowner Representative under any indemnity now or hereafter executed in connection with the Loan (collectively or severally as the context thereof may suggest or require).

“Indenture” means the Indenture of Trust, dated as of October 1, 2011, by and between Issuer and Bondowner Representative, as it may be amended from time to time.

“Index” means the 15 year AAA Tax Exempt Municipal Bond Index published by Bloomberg.com or if such index is no longer reported then a comparable industry index selected by Bondowner Representative, adjusted to constant maturity, and as available ten (10) days before a determination of the interest rate on the Note is to be made.

“Initial Capital Contribution” shall have the meaning ascribed to such term in Section 4.1(n).

“Investor Affiliate” means entities in which Investor Limited Partner or any of its subsidiaries (each, an “Investor Limited Partner Entity”) has an ownership interest, directly or indirectly, (b) for which any Investor Limited Partner Entity manages and controls, directly or indirectly, the management decisions of the Investor Affiliate, or (c) that are under common control with any Investor Limited Partner Entity.

“Investor Limited Partner” shall have the meaning ascribed to such term in the Recitals to this Loan Agreement.

“Issuer” means the County of Contra Costa, a political subdivision and body corporate and politic of the State of California.

“Licenses” shall have the meaning ascribed thereto in Section 11.27.

“LIHTC” or “Tax Credits” means the Federal and State Low Income Housing Tax Credits, if any, allocated for the Improvements by TCAC.

“Loan” means the principal sum that Issuer agrees to lend and Borrower agrees to borrow pursuant to the terms and conditions of this Loan Agreement, in the amount of up to Four Million Three Hundred Thousand and No/100 Dollars (\$4,300,000.00); and following the Conversion Date, in an amount not to exceed the Permanent Loan Amount.

“Loan Documents” means those documents, as hereafter amended, supplemented, replaced or modified, properly executed and in recordable form, if necessary, listed in Exhibit B as Loan Documents.

“Mandatory Conversion Date” means January 1, 2013, or shall mean the First Extended Mandatory Conversion Date upon exercise of the First Option to Extend and the Second Extended Mandatory Conversion Date upon exercise of the Second Option to Extend.

“Maturity Date” shall have the meaning ascribed to such term in the Note.

“Maximum Interest Rate” means the lesser of twelve percent (12%) per annum and the maximum interest rate permitted by law, if any.

“Net Income” shall mean, for any Period, all Gross Income from the Property during such Period less Operating Expenses of the Property during such Period.

“Net Monthly Cash Income” means all actual cash income received from the Property during a calendar month less the actual operating expenses incurred for or attributable to the Property, excluding amounts payable under the Note.

“Net Operating Income” means Effective Gross Income minus Operating Expenses.

“Note” means the Promissory Note made by Borrower to the order of Issuer in the original principal amount of \$4,300,000.00 and endorsed by Issuer to the order of Bondowner Representative, all dated of even date with this Loan Agreement.

“Note Rate” means the interest rate applicable from time to time in accordance with the terms of the Note.

“Obligee” shall have the meaning ascribed to such term in Section 10.1.

“One Month LIBO Rate” shall have the meaning ascribed to such term in the Note.

“Operating Expenses” shall mean, for any Period, the following expenses of the Property to the extent that such expenses are reasonable in amount and customary for properties that are similar in type, size, quality and location to the Property: (i) taxes and assessments imposed upon the Project, to the extent that such taxes and assessments are required to be paid by Borrower and are actually paid or reserved for by Borrower in such Period; (ii) bond assessments properly allocable to such Period; (iii) insurance premiums for casualty insurance (including, without limitation, terrorism, flood and earthquake insurance, to the extent required under this Loan Agreement) and liability insurance carried in connection with the Property and accrued during such Period, provided, however, if any insurance is maintained as part of a blanket policy covering the Property and other properties, the insurance premium included in this subparagraph shall be the premium fairly allocable to the Property for such Period; (iv) operating expenses reasonably and actually incurred by Borrower for resident services and for the management, operation, cleaning, leasing, maintenance and repair of the Property during such Period; (v) replacement and operating reserves as required pursuant to this Loan Agreement, any subordinate loan document and/or the Partnership Agreement; (vi) any other mandatory debt service payments related to the Property (with the exception of those debt service payments paid out of residual receipts) and accrued during such Period; and (vii) costs of deferred maintenance with respect to the Property accrued during such Period. Operating Expenses shall not include any allowance for depreciation. For purposes of the calculation of Net Income or Net Operating Income, Operating Expenses will not include debt service under (vi) above.

“Operating Reserve” shall have the meaning ascribed to such term in Section 11.47.

“Operating Statement” shall have the meaning ascribed to such term in Section 12.5.

“Other Related Documents” means those documents, as hereafter amended, supplemented, replaced or modified from time to time, properly executed and in recordable form, if necessary, listed in Exhibit B as Other Related Documents.

“Participant” shall have the meaning ascribed to such term in Section 15.14.

“Partnership Agreement” shall mean that certain Amended and Restated Agreement of Limited Partnership of John Street Housing Associates, L.P., dated on or about the date hereof, by and between General Partner and Investor Limited Partner.

“Partnership Documents” means the Partnership Agreement and all other documents now or hereafter executed by Borrower, General Partner and Investor Limited Partner, with the approval of Bondowner

Representative (to the extent required pursuant to the terms of the Loan Documents), in connection with the Borrower and the investment in the Borrower by Investor Limited Partner.

"Payment and Performance Bond" shall have the meaning ascribed to such term in Section 4.1(h).

"Permanent Lender" means CCRC.

"Permanent Loan Amount" means the maximum principal sum in the amount of One Million Four Hundred Thousand and No/100 Dollars (\$1,400,000.00); provided however, that, at Conversion, the Loan shall not exceed 80% of CCRC's appraised restricted value at stabilized occupancy, and 75% of CCRC's appraised Decontrol Value at stabilized occupancy, and the Loan shall have a minimum 1.15 to 1.00 DSCR for not less than ninety (90) consecutive days immediately prior to Conversion based upon CCRC's underwriting guidelines.

"Permanent Loan Period" and "Permanent Loan Term" mean the period from the Conversion Date through the maturity date of the Note.

"Permitted Encumbrances" means the Regulatory Agreement, Agency Regulatory Agreement, County Regulatory Agreement, TCAC Regulatory Agreement, Deed Restrictions and those other title exceptions previously approved by Bondowner Representative.

"Permitted Operating Expenses" shall have the meaning ascribed to such term in Section 12.5.

"Permitted Prior Encumbrances" means those title exceptions previously approved by Bondowner Representative to be prior to the lien of the Deed of Trust, including, without limitation, the Regulatory Agreement.

"Permitted Transfer" means a transfer by Investor Limited Partner of its limited partnership interest in Borrower to an Investor Affiliate or a transfer by any limited partner of Investor Limited Partner of any of its limited partnership interests in Investor Limited Partner; provided, however, that all of the following conditions are satisfied: (i) the transferee assumes and agrees to be bound by and perform all of the obligations of the transferor under the Partnership Documents; (ii) Investor Limited Partner has delivered to Lender complete and accurate copies of all documentation evidencing such transfer; (iii) if any Capital Contributions remain unpaid at the time of such transfer, the Investor Limited Partner remains liable to Borrower for payment of such Capital Contributions; and (iv) with respect to a transfer by any limited partner of Investor Limited Partner of any of its limited partnership interests in Investor Limited Partner, the general partner of Investor Limited Partner remains an Investor Affiliate. Notwithstanding the foregoing, any transfer of Investor Limited Partner's limited partnership interest in Borrower to an entity in which Wells Fargo Bank, National Association or its affiliates, has a controlling management interest shall be a Permitted Transfer so long as the successor Investor Limited Partner assumes full liability for the payment to Borrower of any remaining unpaid Capital Contributions in accordance with the times and conditions for payment of such Capital Contributions set forth in the Partnership Agreement. Additionally, Investor Limited Partner's pledge of its limited partnership interests to Borrower as security for its obligations to make the Capital Contributions pursuant to the terms of the Partnership Documents shall be deemed to be a Permitted Transfer.

"Permitted Transferee" shall mean an eligible transferee of a Permitted Transfer.

"Period" has the meaning set forth in Section 11.45.

"Physical Needs Assessment Items" has the meaning set forth in Section 15.47.

"Plans and Specifications" means the plans and specifications prepared by Architect heretofore delivered by Borrower to Bondowner Representative with respect to the Project.

“Project” shall have the meaning ascribed to such term in the third recital to this Loan Agreement.

“Project Costs” mean any and all costs incurred by Borrower with respect to the acquisition and rehabilitation of the Project including, without limitation, costs for the acquisition of property, the removal or demolition of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the cost of consultants, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project (including, without limitation, funding of the Operating Reserve), administrative and other expenses necessary or incident to the Project and the financing thereof (including payment of developer fees and reimbursement to any municipality, county or entity for expenditures made for the Project) and all other costs approved by Bond Counsel to the extent such costs are paid from the proceeds of the Loan disbursed from the Bond Fund.

“Property” means the real property described on Exhibit A.

“Property Manager” means BRIDGE Property Management Company, a California nonprofit public benefit corporation.

“Property Management Agreement” means that certain Management Agreement, dated as of October 6, 2011, by and between the Borrower and the Property Manager.

“Purchase Option Agreement” means that certain Right of First Refusal, Purchase Option and Put Right Agreement, dated on or about the date hereof, by and among Developer, Borrower and Investor Limited Partner.

“Qualified Project Costs” shall have the meaning given to the term “Qualified Developments Costs” in Section 1.01 of the Indenture.

“Regulatory Agreement” means that certain Regulatory Agreement and Declaration of Restrictive Covenants relating to the Project, dated as of October 1, 2011 and by and between Issuer and Borrower, as originally executed, or as may from time to time be supplemented, modified or amended.

“Regulatory Costs” shall have the meaning ascribed to such term in the Note.

“Replacement Reserve” shall have the meaning ascribed to such term in that certain Replacement Reserve Agreement, dated as of even date herewith, by and between Bondowner Representative and Borrower.

“Requirements” has the meaning ascribed thereto in Section 5.15(a).

“Reservation Letter” shall have the meaning ascribed to such term in Section 8.2(u).

“Reserve Percentage” shall have the meaning ascribed to such term in the Note.

“Restrictions” means all existing restrictions and regulatory agreements and all future restrictions and regulatory agreements relating to the use and operation of the Property and the Improvements, including, without limitation, the Regulatory Agreement, Agency DDA, Agency Regulatory Agreement, County Regulatory Agreement, TCAC Regulatory Agreement, Deed Restrictions and any restrictions imposed by the Federal Home Loan Bank in connection with its AHP loan program.

“Revenues” has the meaning given to such term in Section 1.01 of the Indenture.

“Second Extended Mandatory Conversion Date” means July 1, 2013.

“Second Option to Extend” means the option to extend the First Mandatory Conversion Date pursuant to Section 3.7.

“Secured Obligations” shall have the meaning ascribed to such term in the Deed of Trust.

“Seller Deed of Trust” shall have the meaning ascribed to such term in the Recitals to this Loan Agreement.

“Seller Loan” shall have the meaning ascribed to such term in the Recitals to this Loan Agreement.

“Set Aside Letter” shall have the meaning ascribed to such term in Section 10.1.

“State” shall mean the State of California.

“Subdivision Map” shall have the meaning ascribed to such term in Section 11.11.

“Subordinate Lender(s)” means, singularly or collectively, as the context may require, the Agency, the County, BHVI and AHP Lender.

“Subordinate Loan(s)” means, singularly or collectively, as the context may require, the Agency Loan, the County Loan, the BHVI Loan, the Seller Loan and the AHP Loan.

“Subordinate Loan Document(s)” means, singularly or collectively, as the context may require, any document executed in connection with any Subordinate Loan, including, without limitation, the Agency DDA, Agency Regulatory Agreement, Deed Restrictions and County Regulatory Agreement.

“Subordination Agreement(s)” shall mean any subordination agreement by and between Borrower and the Subordinate Lender(s) or TCAC in favor of Bondowner Representative.

“Surety” shall have the meaning ascribed to such term in Section 10.1.

“Tax Certificate” means the Certificate as to Arbitrage executed by the Issuer and the Borrower, dated as of the Closing.

“Taxes” shall have the meaning ascribed to such term in the Note.

“TCAC” means the California Tax Credit Allocation Committee.

“TCAC Regulatory Agreement” shall have the meaning given such term in the Recitals to this Loan Agreement.

“Terminated Documents” means those documents set forth in Exhibit A to the Bond Purchase Agreement.

“Title Insurer” means Chicago Title Company.

“Title Policy” means the Lender’s Policy (or Policies) of Title Insurance as issued by the Title Insurer with respect to the Deed of Trust.

1.2 EXHIBITS INCORPORATED. Exhibits A, B, C, D, E and F all attached hereto, are hereby incorporated into this Loan Agreement.

ARTICLE 2. ISSUANCE OF BONDS; PAYMENT OF ISSUANCE COSTS

2.1 ISSUANCE OF BONDS. Upon execution of this Loan Agreement, the other Loan Documents, the Indenture and the occurrence of all conditions precedent to issuance, or as soon thereafter as practicable, the

Issuer will execute the Bonds and deliver the Bonds to Bondowner Representative, or to its order upon payment of the initial purchase price thereof and filing with the Bondowner Representative of the opinion of Bond Counsel as to the legality of the Bonds and the furnishing of all other documents required to be furnished before such delivery. The proceeds of the Bonds will be deposited and disbursed in accordance with the Indenture and this Loan Agreement.

2.2 NO WARRANTY BY ISSUER. BORROWER AGREES THAT THE ISSUER HAS NOT MADE AN INSPECTION OF THE PROJECT OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE ISSUER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY BORROWER. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER PATENT OR LATENT, THE ISSUER SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION 2.2 HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE ISSUER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OR ANY OTHER LAW NOW OR HEREAFTER IN EFFECT. IN ADDITION, BORROWER ACKNOWLEDGES, REPRESENTS AND WARRANTS THAT IT UNDERSTANDS THE NATURE AND STRUCTURE OF THE PROJECT; THAT IT IS FAMILIAR WITH THE PROVISIONS OF ALL OF THE DOCUMENTS AND INSTRUMENTS RELATING TO THE FINANCING OF THE PROJECT TO WHICH IT OR THE ISSUER IS A PARTY OR OF WHICH IT IS A BENEFICIARY; THAT IT UNDERSTANDS THE RISKS INHERENT IN SUCH TRANSACTIONS, INCLUDING WITHOUT LIMITATION THE RISK OF LOSS OF THE PROJECT; AND THAT IT HAS NOT RELIED ON THE ISSUER FOR ANY GUIDANCE OR EXPERTISE IN ANALYZING THE FINANCIAL OR OTHER CONSEQUENCES OF SUCH FINANCING TRANSACTIONS OR OTHERWISE RELIED ON THE ISSUER IN ANY MANNER EXCEPT TO ISSUE THE BONDS IN ORDER TO PROVIDE FUNDS FOR THE LOAN.

2.3 PAYMENT OF COSTS OF ISSUANCE BY BORROWER. Borrower agrees that it will provide any and all funds required for the prompt and full payment of all costs of issuance of the Bonds not otherwise paid from proceeds of the Bonds, including, but not limited to, the following items:

- (a) all legal (including Bond Counsel and counsel to Borrower, Issuer, Bondowner Representative and CCRC), abstractors', title insurance, financial, engineering, environmental, construction services, survey, appraisal and accounting fees and expenses, administrative fees, printing and engraving costs and other expenses incurred and to be incurred by Borrower, Issuer, Bondowner Representative and CCRC on or before or in connection with issuance of the Bonds;
- (b) premiums on all insurance required to be secured and maintained during the term of this Loan Agreement;
- (c) all recording fees and other taxes, charges, assessments, license or registration fees of every nature whatsoever incurred and to be incurred in connection with this financing (other than a tax on the income of Issuer or Bondowner Representative);
- (d) all initial fees and expenses of the Bondowner Representative and the Issuer (including, without limitation, the Issuer's initial fee referred to in Section 4A(d) of the Regulatory Agreement);
- (e) the fees payable to Bondowner Representative pursuant to Section 3.11;

- (f) fees payable to the California Debt Limit Allocation Committee and the California Tax Credit Allocation Committee with respect to the Bonds and the financing of the Project; and
- (g) other reasonable costs of issuance.

ARTICLE 3. THE LOAN

3.1 THE LOAN. The Issuer agrees, upon the terms and conditions herein specified, to lend to Borrower the proceeds of the Bonds, by causing such proceeds to be deposited with the Bondowner Representative in installments corresponding to the successive "draw-down" purchases of the Bonds by the Bondowner Representative. The proceeds of the Bonds shall be disbursed as provided herein and in the Indenture. The obligation of Borrower to repay the Loan shall be evidenced by the Note. Contemporaneously with the issuance of the Bonds, the Issuer will endorse the Note without recourse to the order of the Bondowner Representative, as the assignee of the Issuer. Borrower will repay the Loan in accordance with the provisions of the Note and this Loan Agreement.

3.2 LOAN DISBURSEMENTS. The proceeds of the Bonds shall be disbursed by the Bondowner Representative only in accordance with a written requisition of Borrower approved in writing by the Bondowner Representative, which approval shall be granted by the Bondowner Representative upon satisfaction or waiver by the Bondowner Representative of the conditions set forth in Article 4 of this Loan Agreement.

3.3 LOAN REPAYMENT AND PAYMENT OF OTHER AMOUNTS. Borrower hereby acknowledges its indebtedness to the Issuer and covenants to repay the Loan, and to pay interest on the amount of the Loan outstanding from time to time in accordance with the following:

(a) At any time prior to the Conversion Date but subject to any limitation set forth in the Note, Borrower may, at its option, prepay principal on the Note, in whole or in part, in order to effect a redemption of Bonds pursuant to Section 4.01(a) of the Indenture by paying to Bondowner Representative an amount equal to the principal amount of the Bonds to be redeemed, together with all accrued and unpaid interest through the date of redemption of Bonds on the portion of principal prepaid; provided, however, that such prepayment shall not reduce the principal amount of the Note below the Permanent Loan Amount without the prior consent of Bondowner Representative and CCRC, or unless CCRC requires a further paydown pursuant to the terms of the Bond Purchase Agreement. Borrower shall give Bondowner Representative not less than fifteen (15) days' advance written notice of its intention to make a prepayment pursuant to this Section 3.3(a).

(b) Following the occurrence of a Default under this Loan Agreement and demand by Bondowner Representative for redemption of all of the Bonds pursuant to Section 4.01(b) of the Indenture, Borrower shall immediately pay to Bondowner Representative the full amount of outstanding principal of the Note, together with all accrued and unpaid interest thereon through the date of redemption of Bonds, plus the prepayment charge set forth in Section 3.8(c) below if such redemption occurs on or after the Conversion Date.

(c) For so long as any portion of the principal of the Loan is outstanding, Borrower shall pay to Bondowner Representative an amount equal to the interest accrued on the Loan during the previous month at the applicable One Month LIBO Rate determined as provided in section A.2 of the Note, on or before the first Business Day of each month prior to the Conversion Date, and at the rate as set forth in Section 3.8 of this Loan Agreement and in section B.1 of the Note on or before the first day of each month after the Conversion Date subject to Section 11.2 hereof.

(d) In the event of damage to or destruction or condemnation of the Project or any part thereof, Borrower shall pay to Bondowner Representative, for redemption of Bonds pursuant to Section 4.01(a) of the Indenture, such portion of the Loan as is required to be paid pursuant to Section 5.6

of the Deed of Trust, plus accrued and unpaid interest through the date of redemption of the Bonds, without premium.

(e) Borrower agrees to pay, at the same time as the monthly payments pursuant to Section 3.3(c) above, upon an Event of Default whether or not such event has thereafter been cured, one-twelfth (1/12th) of the amount budgeted by Borrower for annual premiums for insurance required to be maintained pursuant to this Loan Agreement and for real estate taxes or other charges for governmental service for the current year (except for utility charges) which shall be disbursed by the Bondowner Representative from time to time.

(f) Borrower agrees to make such other payments to Bondowner Representative, in the amounts and at the times necessary to enable the Bondowner Representative, on behalf of the Issuer, to pay all amounts payable with respect to the Bonds when due, whether as principal of, premium, or interest on, or otherwise, and whether at maturity or by redemption (including mandatory sinking fund redemption) or acceleration or otherwise.

(g) Borrower also agrees to pay, (i) all taxes and assessments of any type or character charged to the Issuer or to the Bondowner Representative affecting the amount available to the Issuer or the Bondowner Representative 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 Bondowner Representative and taxes based upon or measured by the net income of the Bondowner Representative; provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Issuer or the Bondowner Representative, 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 Bondowner Representative; (ii) all reasonable fees, charges and expenses of the Bondowner Representative for services rendered under the Indenture, as and when the same become due and payable; (iii) the annual fee of the Issuer, payable as set forth in Section 4A(d) 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, the 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 Documents, the Bonds or the Indenture or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the foregoing; and (iv) these obligations and those in Section 11.38 shall remain valid and in effect notwithstanding repayment of the loan hereunder or termination of this Loan Agreement or the Indenture.

(h) Borrower agrees: (i) to pay to each of the Bondowner Representative and the Issuer from time to time reasonable compensation for all services rendered by it (including the reasonable compensation, expenses and disbursements of its agents and counsel) under the Indenture and any other agreements relating to the Bonds to which the Bondowner Representative or the Issuer is a party (collectively, "**Ordinary Fees and Expenses**"); (ii) except as otherwise expressly provided in the Indenture, this Loan Agreement or such other agreements related to the Bonds or the Project, to reimburse the Bondowner Representative and the Issuer upon its request for all reasonable expenses, disbursements and advances (including reasonable counsel fees) incurred or made by the Bondowner Representative or the Issuer (provided that the Bondowner Representative shall not be required to make advances) in accordance with any provision of the Indenture or other agreements to which the Bondowner Representative or the Issuer is a party (including, but not limited to, the reasonable compensation and the expenses and disbursements of its agents and counsel and the cost of printing Bonds), except any such

expense, disbursement or advance (provided that the Bondowner Representative or the Issuer shall not be required to make advances) as may be attributable to its negligence or willful misconduct, (iii) to pay to an arbitrage consultant reasonable compensation for all services rendered by it, and (iv) to pay to the federal government any rebatable arbitrage required to be paid to the federal government.

3.4 ADDITIONAL CHARGES. Borrower agrees to pay each and all of the following (collectively, the "Additional Charges"):

(a) upon the occurrence of a default under the Indenture or a Default under this Loan Agreement, to or upon the order of the Issuer or the Bondowner Representative, when due, all reasonable fees of the Issuer or the Bondowner Representative for services rendered under the Indenture and any other amounts due under Section 11.2 hereof which are not included in Ordinary Fees and Expenses, and all reasonable fees and charges of any registrars, legal counsel, accountants, engineers, public agencies and others incurred in the performance, on request of the Issuer, of services required under the Indenture or this Loan Agreement for which such persons are entitled to payment or reimbursement, provided that Borrower may, upon notice to the Issuer and without creating a Default hereunder, contest in good faith the necessity or reasonableness of any such services, fees or expenses other than Ordinary Fees and Expenses, but the Issuer's final decision shall control;

(b) (i) all indemnity payments required to be made under this Loan Agreement and the Regulatory Agreement (such indemnity payments being due to the Issuer or Indemnified Party upon written demand therefor and accruing interest at the Default Rate 60 days after notice of demand therefor); (ii) all reasonable expenses (including reasonable legal fees and expenses) incurred by the Issuer in exercising its rights under this Loan Agreement following a Default; and (iii) all other reasonable expenses incurred by the Issuer in relation to the Project or the Bonds which are not otherwise required to be paid by Borrower under the terms of this Loan Agreement or any separate fee agreement, including costs incurred as a result of a request by Borrower; and

(c) interest, at the Default Rate, on all payments not made by Borrower under Section 3.3, this Section 3.4 and Section 3.8 when due, to the parties entitled thereto.

3.5 CONVERSION TO PERMANENT TERM. Upon satisfaction of all of the conditions precedent set forth in Section 3.1 of the Bond Purchase Agreement and the purchase of the Bonds by CCRC pursuant to the Bond Purchase Agreement, the Loan shall be deemed converted from a construction loan to a permanent term loan. The "Conversion Date" shall be the date upon which all of the conditions set forth in the Bond Purchase Agreement are satisfied and CCRC purchases the Bonds. If the Conversion Date does not occur on or before the Mandatory Conversion Date, then the Loan and all sums payable to Bondowner Representative under the Loan Agreement shall be immediately due and payable, unless extended as provided herein.

3.6 FIRST OPTION TO EXTEND. Borrower shall have the option to extend the Mandatory Conversion Date (for the purposes of this section, the "Original Mandatory Conversion Date") to the First Extended Mandatory Conversion Date, upon satisfaction of the following conditions precedent:

(a) Borrower shall provide Bondowner Representative with written notice of Borrower's request to exercise the First Option to Extend not more than ninety (90) days but not less than thirty (30) days prior to the Original Mandatory Conversion Date; and

(b) As of the date of Borrower's delivery of notice of request to exercise the First Option to Extend, and as of the Original Mandatory Conversion Date, no Default shall have occurred, and no event or condition which, with the giving of notice or the passage of time or both, would constitute a Default shall have occurred and be continuing, and Borrower shall so certify in writing.

(c) Borrower shall pay to Bondowner Representative an extension fee of Five Thousand Five Hundred Ninety and No/100 Dollars (\$5,590.00);

(d) Borrower shall execute or cause the execution of all documents reasonably required by Bondowner Representative to exercise the First Option to Extend and shall deliver to Bondowner Representative, at Borrower's sole cost and expense, such title insurance endorsements reasonably required by Bondowner Representative;

(e) There shall have occurred no material adverse change, as determined by Bondowner Representative in its sole discretion, in the financial condition of Borrower, General Partner, or any Guarantor from that which existed as of the later of: (i) the Effective Date; or (ii) the date upon which the financial condition of such party was first represented to Bondowner Representative;

(f) Bondowner Representative shall have received evidence satisfactory to Bondowner Representative that the Subordinate Loans and all Subordinate Loan Documents are in full force and effect and there is no event or condition which, with the giving of notice or the passage of time or both, would constitute a material default by any party to any such document which could have a material adverse effect upon the Property, the Improvements, or the repayment of the Loan; or if there is any such event or condition, the same shall be fully disclosed to Bondowner Representative and Bondowner Representative shall have approved of the extension of the Original Mandatory Conversion Date despite the same, such approval to be granted or withheld in Bondowner Representative's sole discretion;

(g) Bondowner Representative shall have received evidence satisfactory to Bondowner Representative that the Partnership Documents and the Investor Limited Partner's obligations to make capital contributions thereunder are unamended and in full force and effect;

(h) The rehabilitation of the Project shall be one hundred percent (100%) complete and lien free, as evidenced by Bondowner Representative's receipt of a mechanic's lien free endorsement to the Title Policy, an LP-10 rewrite title policy, a recorded notice of completion with respect to any new construction at the Project, signed-off building permits and any other licenses, consents or permits from Governmental Authorities that are necessary to permit lawful residential occupancy of all of the units in the Project or otherwise required in connection with the rehabilitation of the Project and a true copy thereof delivered to Bondowner Representative;

(i) If necessary, Borrower shall have extended to a date not earlier than thirty (30) days after the First Extended Mandatory Conversion Date the applicable expiration date of any commitment with respect to the earliest date on which Investor Limited Partner shall be permitted to withdraw from the Borrower under the Partnership Documents, and Bondowner Representative shall have received evidence satisfactory to Bondowner Representative that such commitments are in full force and effect and no defaults have occurred thereunder;

(j) Borrower shall have delivered to Bondowner Representative written evidence satisfactory to Bondowner Representative showing that (i) not less than ninety percent (90%) of the Units within the Project have been leased to third party residential tenants under residential leases complying with this Loan Agreement and the Bond Documents, and (ii) not less than ninety percent (90%) of the Units within the Project have been occupied by third party residential tenants under residential leases complying with this Loan Agreement and the Bond Documents;

(k) The balance in the interest reserve as of the Mandatory Conversion Date, as may be supplemented by Borrower, shall be sufficient to pay interest on the Loan until the First Extended Mandatory Conversion Date; and

(l) Borrower shall have delivered to Bondowner Representative evidence satisfactory to Bondowner Representative that the date of expiration of Permanent Lender's commitment to fund the Permanent Loan shall be not less than thirty (30) days after the Original Mandatory Conversion Date.

Upon extension of the Mandatory Conversion Date pursuant to this Section 3.6, the date upon which the required pay down of the Note to reduce the Note to the Permanent Loan Amount must occur shall be extended to the date of the First Extended Mandatory Conversion Date, and the maturity date of the Note shall be unaffected. Except as modified by the exercise of this First Option to Extend, the terms and conditions of this Loan Agreement and the other Loan Documents as modified and approved by Bondowner Representative shall remain unmodified and in full force and effect.

3.7 SECOND OPTION TO EXTEND. Borrower shall have the option to extend the First Extended Mandatory Conversion Date to the Second Extended Mandatory Conversion Date, upon satisfaction of the following conditions precedent:

(a) Borrower shall provide Bondowner Representative with written notice of Borrower's request to exercise the Second Option to Extend not more than ninety (90) days but not less than thirty (30) days prior to the First Extended Mandatory Conversion Date; and

(b) As of the date of Borrower's delivery of notice of request to exercise the Second Option to Extend, and as of the First Extended Mandatory Conversion Date, no Default shall have occurred, and no event or condition which, with the giving of notice or the passage of time or both, would constitute a Default shall have occurred and be continuing, and Borrower shall so certify in writing.

(c) Borrower shall pay to Bondowner Representative an extension fee of Five Thousand Five Hundred Ninety and No/100 Dollars (\$5,590.00);

(d) Borrower shall execute or cause the execution of all documents reasonably required by Bondowner Representative to exercise the Second Option to Extend and shall deliver to Bondowner Representative, at Borrower's sole cost and expense, such title insurance endorsements reasonably required by Bondowner Representative;

(e) There shall have occurred no material adverse change, as determined by Bondowner Representative in its sole discretion, in the financial condition of Borrower, General Partner, or any Guarantor from that which existed as of the later of: (i) the Effective Date; or (ii) the date upon which the financial condition of such party was first represented to Bondowner Representative;

(f) Bondowner Representative shall have received evidence satisfactory to Bondowner Representative that the Subordinate Loans and all Subordinate Loan Documents are in full force and effect and there is no event or condition which, with the giving of notice or the passage of time or both, would constitute a material default by any party to any such document which could have a material adverse effect upon the Property, the Improvements, or the repayment of the Loan; or if there is any such event or condition, the same shall be fully disclosed to Bondowner Representative and Bondowner Representative shall have approved of the extension of the First Extended Mandatory Conversion Date despite the same, such approval to be granted or withheld in Bondowner Representative's sole discretion;

(g) Bondowner Representative shall have received evidence satisfactory to Bondowner Representative that the Partnership Documents and the Investor Limited Partner's obligations to make capital contributions thereunder are unamended and in full force and effect;

(h) The rehabilitation of the Project shall be one hundred percent (100%) complete and lien free, as evidenced by Bondowner Representative's receipt of a mechanic's lien free endorsement to the Title Policy, an LP-10 rewrite title policy, a recorded notice of completion with respect to any new construction at the Project, signed-off building permits and any other licenses, consents or permits from Governmental Authorities that are necessary to permit lawful residential occupancy of all of the units in the Project or otherwise required in connection with the rehabilitation of the Project and a true copy thereof delivered to Bondowner Representative;

(i) If necessary, Borrower shall have extended to a date not earlier than thirty (30) days after the Second Extended Mandatory Conversion Date the applicable expiration date of any commitment with respect to the earliest date on which Investor Limited Partner shall be permitted to withdraw from the Borrower under the Partnership Documents, and Bondowner Representative shall have received evidence satisfactory to Bondowner Representative that such commitments are in full force and effect and no defaults have occurred thereunder;

(j) Borrower shall have delivered to Bondowner Representative written evidence satisfactory to Bondowner Representative showing that (i) not less than ninety percent (90%) of the Units within the Project have been leased to third party residential tenants under residential leases complying with this Loan Agreement and the Bond Documents, and (ii) not less than ninety percent (90%) of the Units within the Project have been occupied by third party residential tenants under residential leases complying with this Loan Agreement and the Bond Documents;

(k) The balance in the interest reserve as of the First Extended Mandatory Conversion Date, as may be supplemented by Borrower, shall be sufficient to pay interest on the Loan until the Second Extended Mandatory Conversion Date; and

(l) Borrower shall have delivered to Bondowner Representative evidence satisfactory to Bondowner Representative that the date of expiration of Permanent Lender's commitment to fund the Permanent Loan shall be not less than thirty (30) days after the Second Extended Mandatory Conversion Date.

Upon extension of the First Extended Mandatory Conversion Date pursuant to this Section 3.7, the date upon which the required pay down of the Note to reduce the Note to the Permanent Loan Amount must occur shall be extended to the date of the Second Extended Mandatory Conversion Date, and the maturity date of the Note shall be unaffected. Except as modified by the exercise of this Second Option to Extend, the terms and conditions of this Loan Agreement and the other Loan Documents as modified and approved by Bondowner Representative shall remain unmodified and in full force and effect.

3.8 INTEREST RATE, LOAN REPAYMENT AND PREPAYMENT CHARGE AFTER THE CONVERSION DATE.

(a) Interest Rate. The "First Reset Rate" on the Note shall be a fixed interest rate equal to the First Reset Rate set forth in the Note.

For the period beginning on the first day of the month following the month in which the Conversion Date occurs, and on the first day of each month thereafter throughout the balance of the term of the Loan, Borrower shall pay to Bondowner Representative equal monthly installments of principal and interest in an amount sufficient to amortize the Loan over a thirty (30) year period, as more specifically set forth in the Note. BORROWER ACKNOWLEDGES THAT THE AMOUNT OWING PURSUANT TO THE NOTE WILL NOT FULLY AMORTIZE BY THE CCRC TAKEOUT LOAN MATURITY DATE (AS DEFINED IN THE NOTE), AND THAT ON THE CCRC TAKEOUT LOAN MATURITY DATE, A SUBSTANTIAL "BALLOON PAYMENT" WILL BE DUE AND PAYABLE.

(b) Mandatory Sinking Fund Redemption. Effective as of the Conversion Date, the Bonds shall be subject to a monthly mandatory sinking fund redemption as set forth in Section 4.01(c) of the Indenture corresponding to the monthly payments of principal on the Loan due hereunder.

(c) Prepayment Charge. Except as provided below, if the Loan is prepaid at any time after the Conversion Date, whether such prepayment is voluntary, involuntary or upon acceleration of the principal amount of the Loan by Bondowner Representative following a Default, Borrower shall pay to Bondowner Representative on the prepayment date (in addition to all other sums then due and owing to

Bondowner Representative under the Loan Documents) a prepayment charge to the extent and as provided in the Note.

3.9 BORROWER'S OBLIGATIONS UNCONDITIONAL. The obligations of Borrower to perform and observe the other agreements on its part contained herein shall be absolute and unconditional and payment of the Loan and Additional Charges and all other payments required of Borrower hereunder or under the Note shall be paid without notice or demand and without set off, counterclaim, or defense for any reason and without abatement or deduction or defense. Borrower will not suspend or discontinue any such payments, will perform and observe all of its other agreements in this Loan Agreement and will not terminate this Loan Agreement for any cause, including, but not limited, to any acts or circumstances that may constitute failure of consideration, destruction or damage to the Project or Borrower's business, the taking of the Project or Borrower's business by condemnation or otherwise, the lawful prohibition of Borrower's use of the Project or Borrower's business, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Loan Agreement, the lack of right, power or authority of the Issuer to enter into this Loan Agreement, eviction by paramount title, commercial frustration of purpose, bankruptcy or insolvency of the Issuer or the Bondowner Representative, change in the tax or other laws or administrative rulings or actions of the United States of America or of the State or any political subdivision thereof, or failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the payment of the Loan and other amounts payable by Borrower hereunder or under the Note shall be paid in full when due without any delay or diminution whatever.

3.10 ASSIGNMENT OF ISSUER'S RIGHTS. Pursuant to the Indenture, the Issuer has assigned the Revenues and has assigned, without recourse or liability, to the Bondowner Representative, certain of the Issuer's rights under this Loan Agreement and the Note pursuant to Section 5.04 of the Indenture, including the right to receive certain payments hereunder, and hereby directs Borrower to make payments referred to in Sections 3.3(a), (b), (c), (d) and (f), 3.5, and 3.7(a) and (b) hereof and under the Note directly to the Bondowner Representative. Borrower assents to such assignment and will make such payments under this Loan Agreement directly to the Bondowner Representative without defense or set off by reason of any dispute between Borrower, the Issuer, the Bondholders or the Bondowner Representative.

3.11 LOAN FEES. Borrower shall pay to Bondowner Representative, at Loan closing, a loan fee in an amount equal to Thirty-Two Thousand Two Hundred Fifty and No/100 Dollars (\$32,250.00), and to CCRC, at Loan closing, a loan fee in an amount equal to Fourteen Thousand and No/100 Dollars (\$14,000.00) and an application fee equal to Two Thousand and No/100 Dollars (\$2,000.00).

Bondowner Representative and CCRC shall earn the fees described in this Section 3.11 when paid by Borrower, and such fees shall be nonrefundable.

3.12 LOAN DOCUMENTS. Borrower shall deliver to Bondowner Representative concurrently with this Loan Agreement each of the documents, properly executed and in recordable form, as applicable, described in Exhibit B as Loan Documents, together with those documents described in Exhibit B as Other Related Documents.

3.13 EFFECTIVE DATE. The date of the Loan Documents is for reference purposes only. The Effective Date of delivery and transfer to Bondowner Representative of the security under the Loan Documents and of Borrower's and Bondowner Representative's obligations under the Loan Documents shall be the date the Deed of Trust is recorded in the office of the County Recorder of the county where the Property is located.

3.14 CREDIT FOR PRINCIPAL PAYMENTS. Any payment made upon the outstanding principal balance of the Loan shall be credited as of the Business Day received, provided such payment is received by Bondowner Representative no later than 11:00 a.m. (Pacific Standard Time or Pacific Daylight Time, as applicable) and constitutes immediately available funds. Any principal payment received after said time or which does not

constitute immediately available funds shall be credited upon such funds having become unconditionally and immediately available to Bondowner Representative.

3.15 FULL REPAYMENT AND RECONVEYANCE. Upon receipt of all sums owing and outstanding under the Loan Documents, Bondowner Representative shall issue a full reconveyance of the Property and Improvements from the lien of the Deed of Trust; provided, however, that all of the following conditions shall be satisfied at the time of, and with respect to, such reconveyance: (a) Bondowner Representative shall have received all escrow, closing and recording costs, the costs of preparing and delivering such reconveyance and any sums then due and payable under the Loan Documents; and (b) Bondowner Representative shall have received a written release satisfactory to Bondowner Representative of any set aside letter, letter of credit or other form of undertaking which Bondowner Representative has issued to any surety, governmental agency or any other party in connection with the Loan and/or the Property and Improvements.

3.16 ISSUER FEE. The annual fee to be paid to the Issuer pursuant to Sections 4A(d) and 20 of the Regulatory Agreement shall be impounded monthly in an amount equal to 1/12th of such annual fees (and, with respect to the first such payment, such other fraction as necessary to fully fund the first payment due following Conversion), commencing on the first day of the month following the Conversion Date, and amounts so impounded shall be remitted to the Issuer on the date the annual fee is due to it under Section 20 of the Regulatory Agreement.

ARTICLE 4. DISBURSEMENT OF LOAN FUNDS

4.1 CONDITIONS PRECEDENT TO INITIAL DISBURSEMENTS OF PROCEEDS OF THE BONDS. Bondowner Representative's obligation to consent to the initial disbursement of the proceeds of the Bonds held by Bondowner Representative in the Bond Fund in an amount not to exceed \$621,546.19 shall be subject at all times to satisfaction of each of the following conditions precedent:

(a) **Delivery of Documents.** The documents listed on Exhibit B, (including without limitation all Loan Documents and all Other Related Documents) shall have been delivered to Bondowner Representative in form and substance satisfactory to Bondowner Representative, duly executed (and, if required by Bondowner Representative, acknowledged) by all of the appropriate parties.

(b) **Recorded Documents.** The following documents shall have been duly recorded, in the order indicated below, in the Official Records of the County:

- (i) the Regulatory Agreement;
- (ii) the Deed of Trust;
- (iii) the Assignment of Deed of Trust;
- (iv) the Subordination Agreement(s);
- (v) the Delivery Assurance Deed of Trust; and
- (vi) the Payment and Performance Bond.

(c) **Financing Statements.** The Financing Statements described in Exhibit B, items 1.5 and 1.6 shall have been filed with the California Secretary of State, and Bondowner Representative shall have received and approved the results of a UCC search conducted and certified by the California Secretary of State.

(d) **Title Insurance.** Borrower shall (at its own expense) have obtained a commitment from the Title Insurer in form and content satisfactory to Bondowner Representative for delivery to the Bondowner Representative of a mortgagee's policy of title insurance (the "Title Policy") which complies

with the following requirements: (x) the Title Policy shall be issued with respect to the Property, shall show the Deed of Trust as the insured mortgage, shall name the Bondowner Representative as insured, shall be dated as of the date of recording of the Deed of Trust, shall be in an amount not less than the original principal amount of the Bonds, and shall be in form and substance reasonably satisfactory to the Bondowner Representative; (y) when originally issued, the Title Policy shall be in form ALTA LP-10 (in 2006 form or other form acceptable to Bondowner Representative) and shall contain such endorsements (2006 forms where applicable and available) as Bondowner Representative may require, including without limitation, ALTA 3.1 Zoning, improved land; ALTA 6 Variable Rate; ALTA 8.1 Environmental; ALTA 9 Comprehensive, unmodified; ALTA 10.1 Assignment of Mortgage with Priority; ALTA 17 Access and abut (access to John Street and Fraser Street); ALTA 18.1 Multiple Tax Parcels; ALTA 19 Contiguity; ALTA 22 Address; ALTA 25 Survey; ALTA 26 Subdivision; ALTA 27 Usury; ALTA 28 Easement; CLTA 104.7 Assignment of Rents; CLTA 112 Bondholder; Special: Utilities; Special: Deletion of Arbitration provisions (paragraph 13 of Conditions); Special: Electronic signatures on policy/endorsements; and a commitment to issue such further endorsements as Bondowner Representative may require, including without limitation, CLTA 101.2 and/or 101.6 (Mechanics' Liens/Notice of Completion) and CLTA 122 (Date Down) endorsements in such number and at such times as may be required by Bondowner Representative; and (z) the Title Policy shall include a commitment by the Title Company to rewrite the Title Policy into a full ALTA Loan Policy (in 2006 form or other form acceptable to Bondowner Representative), with an unqualified and unlimited ALTA 9 Comprehensive, unmodified, ALTA 22 Address, ALTA 25 Survey, ALTA 3.1 Zoning, improved land, ALTA 10.1 Assignment of Mortgage with Priority attached, and any such additional endorsements as Bondowner Representative may reasonably require upon completion of rehabilitation of the Project. The Title Policy shall insure:

- (i) that the Borrower possesses a fee simple interest in the Property;
- (ii) that the Deed of Trust is a valid first lien upon the Property, subject only to Permitted Prior Encumbrances;
- (iii) that the following standard exceptions be waived and insured: (1) facts which would be disclosed by a comprehensive survey of the Property, (2) mechanic's, contractors' or materialmen's liens and lien claims, and (3) all other exceptions noted in Schedule B, Section I of the Title Policy.

(e) Confirmation of Insurance. Bondowner Representative shall have received and approved in form and substance satisfactory to Bondowner Representative all insurance policies, certificates, and any other evidence of insurance coverage that Borrower is required to obtain and maintain pursuant to Article 7 of this Loan Agreement.

(f) Opinion Letter. Bondowner Representative shall have received (i) an original Bond Counsel approving and tax opinion for the Bonds, in form and content satisfactory to Bondowner Representative, addressed to the Bondowner Representative, and (ii) an opinion of Borrower's Counsel addressed to Bondowner Representative, in form and content satisfactory to Bondowner Representative, which opinion shall state that Bondowner Representative's successors and assigns as holder of the Note are permitted to rely on the opinion.

(g) Delivery of Contracts; Approval of Reports. Bondowner Representative shall have received and approved in form and substance satisfactory to Bondowner Representative:

- (i) an environmental questionnaire and environmental site assessment with respect to the presence, if any, of Hazardous Materials on the Property;
- (ii) two sets of the Plans and Specifications, certified as complete by the Architect, together with evidence of all necessary or appropriate approvals of all applicable Governmental Authorities;

- (iii) copies of any initial study, negative declaration, mitigated negative declaration, environmental impact report, notice of determination or notice of exemption prepared, adopted, certified or filed by or with any Governmental Authority in connection with the Property and Project; and
 - (iv) copies of all documents, agreements, instruments, policies and other materials relating to the Project requested by Bondowner Representative, including without limitation, appraisals; all design, architect's, engineering, brokerage and construction contracts; and surveys, in each case set forth in such detail as Bondowner Representative may require.
- (h) Payment and Performance Bond as to Construction Contract. Prior to any disbursement of proceeds of the Loan, Borrower shall have delivered a payment and performance bond (the "**Payment and Performance Bond**") with respect to the Construction Contract in such forms and amounts as required by Bondowner Representative.
- (i) Reservation Letter. Bondowner Representative shall have received a photocopy of the Reservation Letter from TCAC.
- (j) Utilities. Bondowner Representative shall have received evidence satisfactory to Bondowner Representative that all utility services, including, without limitation, gas, water, sewage, electrical and telephone, necessary for the development and occupancy of the Property and Project are available at or within the boundaries of the Property, or Borrower has taken all steps necessary to assure that all such services will be available upon completion of the Project.
- (k) Payment of Loan Fees. Borrower shall have paid to Bondowner Representative, in good funds, all fees owing pursuant to Section 3.11 and all costs of issuance of the Bonds.
- (l) Sufficiency of Funds. Bondowner Representative shall have received evidence satisfactory to Bondowner Representative that there will be sufficient funds available to Borrower to complete the Project and cover all costs as shown on the Disbursement Budget attached hereto, whether from the proceeds of the Loan, Subordinate Loans, Capital Contributions or from another source or other sources acceptable to Bondowner Representative.
- (m) Admission of Investor Limited Partner. Bondowner Representative shall have received and approved in form and content reasonably satisfactory to Bondowner Representative the fully executed Partnership Agreement. The Partnership Agreement shall have been amended in a manner reasonably satisfactory to Bondowner Representative to admit Investor Limited Partner as a limited partner of Borrower and Bondowner Representative shall have received a first priority security interest in (i) the general partnership interest of the General Partner in Borrower; and (ii) Borrower and General Partner's interests in the housing tax credit awarded to Borrower, insofar as such tax credits may be pledged as collateral under applicable law, all in form and substance reasonably acceptable to Bondowner Representative. The Partnership Documents shall obligate the Investor Limited Partner to make cash Capital Contributions in at least the amounts and at the times set forth in Section 1.1 above, subject to and in accordance with the terms and conditions of the Borrower's Partnership Documents (which may include additional conditions precedent in addition to those set above and provide for adjustment of the amount of capital contributions due).
- (n) Initial Capital Contribution. Borrower has delivered to Bondowner Representative simultaneously with the first disbursement of Bond proceeds, written evidence satisfactory to Bondowner Representative of the disbursement of \$139,413.00 representing the Investor Limited Partner's initial capital contribution (the "**Initial Capital Contribution**") in accordance with the Partnership Documents. Any unused portion of the Initial Capital Contribution shall be utilized as Borrower's Funds pursuant to the terms and conditions of the Loan Documents, shall be deposited into Borrower's Funds Account with

Bondowner Representative and shall be disbursed by Bondowner Representative to pay Project Costs pursuant to the terms and conditions outlined in the Loan Documents.

(o) Delivery of Permits. Bondowner Representative shall have received and approved in form and content satisfactory to Bondowner Representative evidence of satisfaction of any and all conditions precedent to issuance (other than payment of a fee) of all building permits and similar permits, licenses, approvals, development agreements and other authorizations of Governmental Authorities required in connection with the rehabilitation and development of the Property and Project including, but not limited to, all authorizations, (including building permits (or if not available, copies of "Will Issue" letters executed by the City of Pinole or other evidence reasonably satisfactory to Bondowner Representative that all required building permits will be issued upon only the payment of necessary fees), annexation agreements, development agreements, subdivision approvals, sewer and water permits, vault permits, encroachment permits, driveway access and curb cut authorizations) and zoning and land use entitlements, and all other approvals, consents, permits and licenses issued or to be issued by any Governmental Authority which are (a) required for the development, construction and rehabilitation of the Project in accordance with the Plans and Specifications and in accordance with all applicable laws, ordinances and regulations and (b) capable of being issued through the date of the requested Disbursement, and all of the same shall remain in full force and effect.

(p) Environmental Site Assessment. Bondowner Representative shall have received and approved in form and substance satisfactory to Bondowner Representative: (i) an environmental questionnaire and environmental site assessment with respect to the presence, if any, of Hazardous Materials on the Property and Improvements; (ii) two sets of the Plans and Specifications, certified as complete by the Architect, together with evidence of all necessary or appropriate approvals of governmental agencies; (iii) copies of all agreements which are material to completion of the Improvements; (iv) copies of all building permits (or if not available, copies of "Will Issue" letters executed by the City of Pinole or other evidence reasonably satisfactory to Bondowner Representative that all required building permits will be issued upon only the payment of necessary fees) and similar permits, licenses, approvals, development agreements and other authorizations of governmental agencies required in connection with the rehabilitation of the Property and Improvements; and (v) copies of any initial study, negative declaration, mitigated negative declaration, environmental impact report, notice of determination or notice of exemption prepared, adopted, certified or filed by or with any governmental agency in connection with the Property and Improvements.

(q) Subordinate Loans. Borrower shall have obtained and received proceeds of the Subordinate Loans in such amounts as have been approved by Bondowner Representative, and delivered evidence satisfactory to Bondowner Representative thereof, or other additional financing for the Project from such other lender as is reasonably satisfactory to Bondowner Representative and CCRC; provided, however, that Bondowner Representative acknowledges that the proceeds of the BHVI Loan and AHP Loan shall not be disbursed to Borrower until Investor Limited Partner funds the Construction Completion Installment (as defined in the Partnership Agreement).

(r) Approval of Contractor and Construction Agreement. Bondowner Representative shall have approved: (i) the selection of Contractor as the general contractor for the Project; and (ii) the Construction Agreement, in form and substance, along with a cost and plan review and development budget for the Project prepared in accordance with the Construction Agreement. Bondowner Representative shall have received a financial analysis of Contractor satisfactory to Bondowner Representative in form and substance.

4.2 CONDITION PRECEDENT TO ANY POST-CLOSING DISBURSEMENT. Bondowner Representative's obligation to make "drawdown" purchases of Bonds and corresponding disbursements of the Loan, after the first purchase and disbursement in the amount set forth in Section 4.1 above, shall be subject to satisfaction (or waiver by Bondowner Representative, in its sole discretion) of the following conditions precedent:

(a) No Default. There shall exist no Default, as defined in this Loan Agreement, or Default as defined in any of the other Loan Documents or in the Other Related Documents, or event, omission or failure of condition which would constitute a Default after notice or lapse of time, or both.

(b) Loan "in balance". Any undisbursed Loan funds and all sums, if any, to be provided by Borrower as shown in Exhibit C, shall be at all times equal to or greater than the amount which Bondowner Representative from time to time determines necessary to: (i) pay, through completion, all costs of development, construction, rehabilitation, marketing and sale or leasing of the Property and Improvements in accordance with the Loan Documents; (ii) pay all sums which may accrue under the Loan Documents prior to Conversion; and (iii) enable Borrower to perform and satisfy all of the covenants of Borrower contained in the Loan Documents effective prior to Conversion. If Bondowner Representative determines at any time that the undisbursed Loan funds are insufficient for said purposes, Borrower shall deposit the amount of such deficiency in the Borrower's Funds Account within fifteen (15) days of Bondowner Representative's written demand.

(c) Subordinate Loan(s). Borrower shall have obtained and received proceeds of the Subordinate Loans in such amounts as have been approved by Bondowner Representative, and delivered evidence satisfactory to Bondowner Representative thereof, or other additional financing for the Project from such other lender as is reasonably satisfactory to Bondowner Representative and CCRC; provided, however, that Bondowner Representative acknowledges that the proceeds of the BHVI Loan and AHP Loan shall not be disbursed to Borrower until Investor Limited Partner funds the Construction Completion Installment (as defined in the Partnership Agreement).

4.3 CONDITIONS PRECEDENT TO ANY DISBURSEMENT. Bondowner Representative's obligation to make any "drawdown" purchase of Bonds and corresponding Disbursement of the Loan (including the first Disbursement and the final Disbursement) shall be subject to the satisfaction (or waiver by Bondowner Representative, in its sole discretion) of the following conditions precedent:

(a) Application for Payment. Bondowner Representative shall have received and approved an Application for Payment (as defined in the Disbursement Plan) executed by Borrower stating the amount of the Disbursement then requested and meeting the requirements of the Disbursement Plan attached hereto as Exhibit D, and all other documents, instruments, agreements, certificates, lien waivers and other items required thereunder.

(b) Disbursement Plan Conditions. All of the conditions precedent to the requested Disbursement set forth in the Disbursement Plan attached hereto as Exhibit D shall have been satisfied.

(c) Compliance with Financial Requirements Analysis; Borrower's Funds. Borrower shall be in compliance with its obligations under Section 4.6 and 4.7 of this Loan Agreement. To the extent that Borrower is obligated to deposit Borrower's Funds into the Borrower's Funds Account pursuant to those Sections, such Borrower's Funds shall have been fully disbursed as a condition to any obligation of Bondowner Representative to make further disbursement of proceeds of the Loan.

(d) Bondowner Representative Inspections. Bondowner Representative shall have determined, based upon such inspections and examinations of the progress of rehabilitation of the Project as Bondowner Representative shall elect in its sole judgment to conduct from time to time, that rehabilitation of the Project is proceeding in substantial conformity with the Plans and Specifications, as modified by change orders with respect to which Borrower has complied with Section 5.5. Borrower shall have paid all of the costs and expenses reasonably incurred by Bondowner Representative in any such inspection and examination.

(e) Government Inspections. If Bondowner Representative shall so require, any portion of the Project completed through the date of the requested Disbursement which requires inspection or certification by municipal or other governmental authorities shall have been inspected and certified as

complete and all other necessary approvals shall have been duly issued and Bondowner Representative shall have received true and correct copies of all such inspections, certificates and approvals or Bondowner Representative shall have received other evidence, in form and content reasonably satisfactory to Bondowner Representative, that the Project has been rehabilitated in such a manner as to be in compliance with any such inspections, certificates and approvals.

(f) Title Endorsements. Bondowner Representative shall have received such endorsements and binders to the Title Policy as Bondowner Representative may require (including without limitation endorsements confirming the continuing priority of the Deed of Trust with respect to such Disbursement, and endorsements confirming that no encroachments exist on the Property or adjoining property). Without limitation upon the generality of the foregoing, Bondowner Representative shall not be required to consent to any Disbursement at any time for any item unless and until the Bondowner Representative has been furnished, at the sole cost of Borrower, such endorsements to the Title Policy as Bondowner Representative may require.

(g) Mechanics' Liens; Stop Notices. No mechanic's lien shall have been recorded against the Property and no stop notice shall have been served upon Borrower, Issuer or Bondowner Representative (unless there has been issued a surety bond, or such other collateral as is satisfactory to Bondowner Representative, adequate to release the Project from the lien thereof in accordance with this section), and Bondowner Representative shall have no reasonable cause to believe that the requested Disbursement will be junior in priority of lien to any mechanics' or material suppliers' lien or to any intervening or other lien upon the Property; if a claim of lien is recorded which affects the Property or Project or a bonded stop notice is served upon Borrower, Issuer or Bondowner Representative, Borrower shall fully comply with Section 5.8.

(h) Compliance With Bond and Loan Documents. Borrower shall have complied with all of the terms and conditions imposed by the Indenture and this Loan Agreement in connection with such Disbursement and Bondowner Representative shall have received a certificate to that effect signed by Borrower.

(i) No Default; Compliance with Bond Documents. There shall exist no Default, as defined in this Loan Agreement, or Event of Default as defined in any of the other Bond Documents and Loan Documents or in the other Related Documents (subject to all applicable notice and cure periods), or event requiring mandatory redemption of the Bonds or event which, with the giving of notice or the passage of time, or both, could be any Default or event requiring mandatory redemption of the Bonds, and Borrower shall have performed all of its obligations under this Loan Agreement and complied with all of the terms and conditions imposed by the Indenture and this Loan Agreement in connection with such Disbursement and, if Bondowner Representative shall so require, Bondowner Representative shall have received a certificate to that effect signed by Borrower.

(j) Representations and Warranties. All representations and warranties contained in this Loan Agreement shall be true and correct as of the date of the Disbursement, and Bondowner Representative shall have received a certificate restating each of such representations and warranties as true and correct as of the date of the Disbursement.

(k) Full Force and Effect. Each of the Bond Documents and Loan Documents shall remain in full force and effect, binding upon all parties thereto.

(l) Workmanship. All work performed to date in rehabilitation of the Project shall have been accomplished in a good workmanlike manner and in accordance with the Plans and Specifications.

(m) Rehabilitation. Bondowner Representative shall have received a copy of evidence of all necessary or appropriate approvals of all applicable governmental authorities in connection with the Plans and Specifications, and all building permits and similar permits, licenses, approvals, development

agreements and other authorizations of governmental authorities required in connection with the rehabilitation and development of the Property and Project including, but not limited to, all authorizations, (including building permits, annexation agreements, development agreements, subdivision approvals, sewer and water permits, vault permits, encroachment permits, driveway access and curb cut authorizations) and zoning and land use entitlements, and all other approvals, consents, permits and licenses issued or to be issued by any governmental authority which are (a) required for the development, rehabilitation of the Project in accordance with the Plans and Specifications and in accordance with all applicable laws, ordinances and regulations and (b) capable of being issued through the date of the requested Disbursement, and all of the same shall remain in full force and effect.

4.4 ACCOUNT, PLEDGE AND ASSIGNMENT, AND DISBURSEMENT AUTHORIZATION.

The proceeds of the Bonds and Borrower's Funds, when qualified for disbursement, shall be disbursed to or for the benefit or account of Borrower under the terms of this Loan Agreement; provided, however, that any direct disbursements from the proceeds of the Bonds which are made by means of wire transfer, shall be subject to the provisions of Section 4.8 below. Disbursements hereunder may be made by Bondowner Representative upon the written request of Cynthia Parker, D. Kemp Valentine, Susan M. Johnson, Rebecca Clark, Tom Earley, Ann Silverberg or Kevin Leichner, who have each been authorized by Borrower to request such disbursements, until such time as written notice of Borrower's revocation of such authority is received by Bondowner Representative at the address shown in Exhibit D. As additional security for Borrower's performance under the Loan Documents, Borrower hereby irrevocably pledges and assigns to Bondowner Representative all monies at any time deposited in the Account.

4.5 BORROWER'S FUNDS ACCOUNT, PLEDGE AND ASSIGNMENT. Except as otherwise provided in this Loan Agreement, all of the Borrower's Funds which are deposited with Bondowner Representative by Borrower as shown in Exhibit C, or any other provision of the Loan Documents, shall be placed in the Borrower's Funds Account with, and controlled by, Bondowner Representative for disbursement under this Loan Agreement. All Borrower's Funds shall be disbursed prior to any Proceeds of the Bonds funds being disbursed. As additional security for Borrower's performance under the Loan Documents, Borrower hereby irrevocably pledges and assigns to Bondowner Representative, and grants a security interest to Bondowner Representative in and to, all monies at any time deposited in the Borrower's Funds Account.

4.6 FINANCIAL REQUIREMENTS ANALYSIS. Borrower shall apply proceeds of the Loan in accordance with the Financial Requirements Analysis attached hereto as Exhibit C. Promptly and in any event within ten (10) days after Borrower's discovery that the Financial Requirements Analysis does not accurately project the costs which have been and will be incurred in connection with development of the Project in accordance with the Plans and Specifications, Borrower shall notify Bondowner Representative of the discrepancy and shall submit to Bondowner Representative a revised budget of costs of development of the Project.

4.7 BALANCING. Borrower agrees to keep the Financial Requirements Analysis "in balance" at all times. The Financial Requirements Analysis is not "in balance" if any undisbursed principal of the Loan together with all sums, if any, to be provided by Borrower as shown in Exhibit C are not at all times equal to or greater than the amount which Bondowner Representative from time to time reasonably determines necessary to: (i) complete each line item category as contained on Exhibit C; (ii) pay, through completion, all costs of development, rehabilitation, operation and leasing of the Project in accordance with the Loan Documents; (iii) pay all sums which may become payable under the Loan Documents and Other Related Documents; and (iv) enable Borrower to perform and satisfy all of the covenants of Borrower contained in the Loan Documents. If Bondowner Representative reasonably determines at any time that the Financial Requirements Analysis is not "in balance", Borrower shall provide the amount of such deficiency to Bondowner Representative for deposit into Borrower's Funds Account.

4.8 FUNDS TRANSFER DISBURSEMENTS. Borrower hereby authorizes Bondowner Representative to disburse the proceeds of any Loan(s) made by Bondowner Representative or its affiliate pursuant to the Loan Documents as requested by an authorized representative of the Borrower to any of the accounts designated in Exhibit F. Borrower agrees to be bound by any transfer request: (i) authorized or transmitted by

Borrower; or, (ii) made in Borrower's name and accepted by Bondowner Representative in good faith and in compliance with these transfer instructions, even if not properly authorized by Borrower. Borrower further agrees and acknowledges that Bondowner Representative may rely solely on any bank routing number or identifying bank account number or name provided by Borrower to effect a wire or funds transfer even if the information provided by Borrower identifies a different bank or account holder than named by Borrower. Bondowner Representative is not obligated or required in any way to take any actions to detect errors in information provided by Borrower. If Bondowner Representative takes any actions in an attempt to detect errors in the transmission or content of transfer or requests or takes any actions in an attempt to detect unauthorized funds transfer requests, Borrower agrees that no matter how many times Bondowner Representative takes these actions Bondowner Representative will not in any situation be liable for failing to take or correctly perform these actions in the future and such actions shall not become any part of the transfer disbursement procedures authorized under this provision, the Loan Documents, or any agreement between Bondowner Representative and Borrower. Borrower agrees to notify Bondowner Representative of any errors in the transfer of any funds or of any unauthorized or improperly authorized transfer requests within fourteen (14) days after Bondowner Representative's confirmation to Borrower of such transfer.

Bondowner Representative will, in its sole discretion, determine the funds transfer system and the means by which each transfer will be made. Bondowner Representative may delay or refuse to accept a funds transfer request if the transfer would: (i) violate the terms of this authorization; (ii) require use of a bank unacceptable to Bondowner Representative or prohibited by government authority; (iii) cause Bondowner Representative to violate any Federal Reserve or other regulatory risk control program or guideline; or (iv) otherwise cause Bondowner Representative to violate any applicable law or regulation.

Bondowner Representative shall not be liable to Borrower or any other parties for (i) errors, acts or failures to act of others, including other entities, banks, communications carriers or clearinghouses, through which Borrower's transfers may be made or information received or transmitted, and no such entity shall be deemed an agent of the Bondowner Representative; (ii) any loss, liability or delay caused by fires, earthquakes, wars, civil disturbances, power surges or failures, acts of government, labor disputes, failures in communications networks, legal constraints or other events beyond Bondowner Representative's control; or (iii) any special, consequential, indirect or punitive damages, whether or not (a) any claim for these damages is based on tort or contract or (b) Bondowner Representative or Borrower knew or should have known the likelihood of these damages in any situation. Bondowner Representative makes no representations or warranties other than those expressly made in this Loan Agreement.

4.9 **LOAN DISBURSEMENTS.** Subject to the conditions set forth in Sections 4.1, 4.2, 4.3 and 4.11, the proceeds of the Bonds and Borrower's Funds shall be disbursed in accordance with the terms and conditions of Exhibit D. Disbursements made after the deposit of Borrower's Funds shall be made first from the Borrower's Funds Account until depleted. Disbursements of proceeds of the Bonds and Borrower's Funds shall be made, upon satisfaction or waiver of the conditions set forth in Sections 4.1, 4.2, 4.3 and 4.11, into the Account. All disbursements shall be held by Borrower in trust and applied by Borrower solely for the purposes for which the funds have been disbursed. Bondowner Representative has no obligation to monitor or determine Borrower's use or application of the disbursements.

4.10 **CONDITIONS TO THE OBLIGATIONS OF THE ISSUER.** The obligations of the Issuer to issue and deliver the Bonds on the Closing Date shall be subject, at the option of the Issuer, to the performance by the Bondowner Representative and the Borrower of their respective obligations to be performed hereunder and under the Indenture at or prior to the Closing Date and to the following additional conditions:

(a) Each of the Indenture, this Loan Agreement, the Note and the Regulatory Agreement shall have been executed by the parties thereto;

(b) No order, decree, injunction, ruling or regulation of any court, regulatory agency public board or body shall have been issued, nor shall any legislation have been enacted, with the purpose or effect, directly or indirectly of prohibiting the offering, sale or issuance of the Bonds as contemplated in the Indenture herein; and

(c) The conditions precedent set forth in Sections 4.1 and 4.3 hereof shall have been satisfied.

4.11 CONDITIONS PRECEDENT TO CERTAIN DISBURSEMENTS. In addition to the conditions precedent set forth in Sections 4.1, 4.2 and 4.3 of this Loan Agreement, Bondowner Representative's obligation to make any "drawdown" purchase of Bonds and corresponding Disbursement of the Loan in connection with the specific Disbursements set forth below shall be subject to the satisfaction (or waiver by Bondowner Representative, in its sole discretion) of the conditions precedent set forth below applicable to each such Disbursement:

(a) Disbursement for Solar Items. Prior to any Disbursement for payment of costs incurred in connection with the purchase, installation, construction, rehabilitation, repair and/or replacement of a solar power system or other solar items or improvements for the Project, Borrower shall have delivered to Bondowner Representative a copy of an executed contract for such solar items acceptable to Bondowner Representative in form and substance.

(b) Disbursement for Landscape and Irrigation Items. Prior to any Disbursement for payment of costs incurred in connection with the purchase, installation, construction, rehabilitation, repair and/or replacement of landscape and/or irrigation items or improvements for the Project, Borrower shall have delivered to Bondowner Representative a copy of an executed contract for such landscape and/or irrigation items acceptable to Bondowner Representative in form and substance.

(c) Disbursement for Physical Needs Assessment Items. Prior to any Disbursement for payment of costs incurred in connection with the purchase, installation, construction, rehabilitation, repair and/or replacement of Physical Needs Assessment Items for the Project, Borrower shall have delivered to Bondowner Representative a copy of an executed contract for such Physical Needs Assessment Items acceptable to Bondowner Representative in form and substance.

(d) Disbursement for Capitalized Replacement Reserve and Operating Reserve Items. The parties hereto acknowledge and agree that Bondowner Representative shall make no Disbursement for payment of costs incurred in connection with the Capitalized Replacement Reserve and Capitalized Operating Reserve line items set forth in the Disbursement Plan until the rehabilitation of the Project shall be one hundred percent (100%) complete and lien free, as evidenced by Bondowner Representative's receipt of a mechanic's lien free endorsement to the Title Policy, an LP-10 rewrite title policy, a recorded notice of completion with respect to any new construction at the Project, signed-off building permits and any other licenses, consents or permits from Governmental Authorities that are necessary to permit lawful residential occupancy of all of the units in the Project or otherwise required in connection with the rehabilitation of the Project and a true copy thereof delivered to Bondowner Representative.

ARTICLE 5. REHABILITATION

5.1 COMMENCEMENT AND COMPLETION OF REHABILITATION. Borrower shall commence rehabilitation of the Improvements without delay after the Effective Date, and shall complete rehabilitation of the Improvements on or before the Completion Date.

5.2 FORCE MAJEURE. The time within which rehabilitation of the Improvements must be completed shall be extended for a period of time equal to the period of any delay directly affecting rehabilitation which is caused by fire, earthquake or other acts of God, strike, lockout, acts of public enemy, riot, insurrection, or governmental regulation of the sale or transportation of materials, supplies or labor; provided, however, that Borrower shall furnish Bondowner Representative with written notice satisfactory to Bondowner Representative evidencing any such delay within ten (10) Business Days from the occurrence of any such delay. In no event shall the time for completion of the Improvements be extended beyond the earlier of the Mandatory Conversion Date or more than sixty (60) days beyond the Completion Date without the prior written consent of Bondowner Representative.

5.3 CONSTRUCTION AGREEMENT. Borrower and Contractor have entered into the Construction Agreement pursuant to the terms and conditions of which Contractor is to rehabilitate the Improvements. Borrower shall require Contractor to perform in accordance with the terms of the Construction Agreement and shall not materially amend, modify or alter the responsibilities of Contractor under the Construction Agreement without Bondowner Representative's prior written consent. Borrower shall execute, upon Bondowner Representative's request, an assignment of Borrower's rights under the Construction Agreement to Bondowner Representative as security for Borrower's obligations under this Loan Agreement and the other Loan Documents and shall cause the Contractor to consent to any such assignment.

5.4 ARCHITECT'S AGREEMENT. Borrower and Architect have entered into the Architect's Agreement pursuant to which Architect is to design the rehabilitation of the Improvements. Borrower shall require Architect to perform in accordance with the terms of the Architect's Agreement and shall not amend, modify or alter the responsibilities of Architect under the Architect's Agreement without Bondowner Representative's prior written consent. Upon Bondowner Representative's request, Borrower shall execute an assignment of the Architect's Agreement and the Plans and Specifications to Bondowner Representative as additional security for Borrower's performance under this Loan Agreement and the other Loan Documents and shall cause the Architect to consent to any such assignment.

5.5 PLANS AND SPECIFICATIONS.

(a) **Changes; Bondowner Representative Consent.** Except as otherwise provided in this Loan Agreement, Borrower shall not make any changes in the Plans and Specifications without Bondowner Representative's prior written consent if such change: (i) constitutes a material change in the building material or equipment specifications, or in the architectural or structural design, value or quality of any of the Improvements; (ii) would result in an increase of rehabilitation costs in excess of Thirty-Five Thousand and No/100 Dollars (\$35,000.00) for any single change or in excess of One Hundred Thousand and No/100 Dollars (\$100,000.00) for all such changes; or (iii) would adversely affect the structural integrity, quality of building materials, or overall efficiency of operating systems of the Improvements. Without limiting the above, Bondowner Representative agrees that Borrower may make minor changes in the Plans and Specifications without Bondowner Representative's prior written consent, provided that such changes do not violate any of the conditions specified herein. Borrower shall at all times maintain, for inspection by Bondowner Representative, a full set of working drawings of the Improvements.

(b) **Changes; Submission Requirements.** Borrower shall submit any proposed change in the Plans and Specifications to Bondowner Representative at least ten (10) days prior to the commencement of rehabilitation relating to such proposed change whether or not such change is subject to Bondowner Representative's consent. Requests for any change which requires consent shall be accompanied by working drawings and a written description of the proposed change, submitted on a change order form acceptable to Bondowner Representative, signed by Borrower and, if required by Bondowner Representative, also by the Architect and the Contractor. At its option, Bondowner Representative may require Borrower to provide: (i) evidence satisfactory to Bondowner Representative of the cost and time necessary to complete the proposed change; and (ii) a deposit in the amount of any increased costs into Borrower's Funds Account.

(c) **Consent Process.** Borrower acknowledges that Bondowner Representative's review of any changes and required consent may result in delays in rehabilitation and hereby consents to any such reasonable delays.

(d) **Final Plans and Specifications.** Upon completion of the Improvements, Borrower shall deliver to Bondowner Representative within sixty (60) days a set of final Plans and Specifications.

5.6 CONTRACTOR AND REHABILITATION INFORMATION. Within ten (10) days of Bondowner Representative's written request, Borrower shall deliver to Bondowner Representative from time to time in a form acceptable to Bondowner Representative: (a) a list detailing the name, address and phone number of each

contractor, subcontractor and material supplier to be employed or used for the rehabilitation of the Improvements together with the dollar amount, including changes, if any, of each contract and subcontract, and the portion thereof, if any, paid through the date of such list; (b) copies of each contract and subcontract identified in such list, including any changes thereto; (c) a cost breakdown of the projected total cost of rehabilitating the Improvements, and that portion, if any, of each cost item which has been incurred; and (d) a construction progress schedule detailing the progress of rehabilitation and the projected sequencing and completion time for uncompleted work, all as of the date of such schedule.

Borrower agrees that Bondowner Representative may disapprove any contractor, subcontractor or material supplier which, in Bondowner Representative's good faith determination, is deemed financially or otherwise unqualified; provided, however, that the absence of any such disapproval shall not constitute a warranty or representation of qualification by Bondowner Representative. Bondowner Representative may contact any such contractor, subcontractor or material supplier to discuss the course of rehabilitation.

5.7 PROHIBITED CONTRACTS. Without Bondowner Representative's prior written consent, Borrower shall not contract for any materials, furnishings, equipment, fixtures or other parts or components of the Improvements, if any third party shall retain any ownership interest (other than lien rights created by operation of law) in such items after their delivery to the Property and Improvements. Borrower shall have five (5) days to effect the removal of any such retained interest.

5.8 LIENS AND STOP NOTICES. If a claim of lien is recorded which affects the Property or Improvements or a bonded stop notice is served upon Issuer or Bondowner Representative, Borrower shall, within twenty (20) calendar days of such recording or service or within five (5) calendar days of Bondowner Representative's demand, whichever occurs first: (a) pay and discharge the claim of lien or bonded stop notice; (b) effect the release thereof by recording or delivering to Bondowner Representative a surety bond in sufficient form and amount; or (c) provide Issuer and Bondowner Representative with other assurances which Issuer or Bondowner Representative deems, in its sole discretion, to be satisfactory for the payment of such claim of lien or bonded stop notice and for the full and continuous protection of Issuer and Bondowner Representative from the effect of such lien or bonded stop notice. Borrower shall promptly pay or otherwise discharge all taxes, claims and liens for labor done, and for materials and services furnished, which may affect the Property. Except for Permitted Encumbrances, Borrower shall keep the Property free of all liens, claims, charges or encumbrances. Borrower shall have the right to contest in good faith any taxes, claim or lien by appropriate proceedings on the terms and conditions set forth in the Deed of Trust.

5.9 CONSTRUCTION RESPONSIBILITIES. Borrower shall rehabilitate the Improvements in a workmanlike manner according to the Plans and Specifications. Borrower shall comply with all applicable laws, ordinances, rules, regulations, building restrictions, recorded covenants and restrictions, and requirements of all regulatory authorities having jurisdiction over the Property or Improvements. Borrower shall be solely responsible for all aspects of Borrower's business and conduct in connection with the Property and Improvements, including, without limitation, for the quality and suitability of the Plans and Specifications and their compliance with all governmental requirements, the supervision of the work of rehabilitation, the qualifications, financial condition and performance of all architects, engineers, contractors, material suppliers, consultants and property managers, and the accuracy of all applications for payment and the proper application of all disbursements. Neither Issuer nor Bondowner Representative is obligated to supervise, inspect or inform Borrower or any third party of any aspect of the rehabilitation of the Improvements or any other matter referred to above.

5.10 ASSESSMENTS AND COMMUNITY FACILITIES DISTRICTS. Without Bondowner Representative's prior written consent, Borrower shall not cause to become effective or otherwise consent to the formation of any assessment district or community facilities district which includes all or any part of the Property and Project pursuant to: (a) the Mello-Roos Community Facilities act of 1982; (b) the Municipal Improvement Act of 1913; or (c) any other comparable or similar statute or regulation. Borrower shall not cause or otherwise consent to the levying of special taxes or assessments against the Property and Project by any such assessment district or community facilities district.

5.11 DELAY. Borrower shall promptly notify Bondowner Representative in writing of any event causing more than a ten (10) day delay or interruption of rehabilitation, or the timely completion of rehabilitation. The notice shall specify the particular work delayed, and the cause and period of each delay.

5.12 INSPECTIONS. Upon prior notice to Borrower, Bondowner Representative shall have the right, including after Conversion, to enter upon the Property at all reasonable times and upon reasonable notice to inspect the Project and the rehabilitation work and to verify information disclosed or required pursuant to this Loan Agreement. If Bondowner Representative in its reasonable judgment determines that any work or materials fail to conform to the approved Plans and Specifications or sound building practices, or that they otherwise depart from any of the requirements of this Loan Agreement, Bondowner Representative may require the work to be stopped and withhold its consent to further disbursements of proceeds of the Loan and Borrower's Funds until the matter is corrected. If this occurs, Borrower must correct the work to Bondowner Representative's reasonable satisfaction promptly and, at Bondowner Representative's request, halt all other work pending completion of such corrective work. No such action by Bondowner Representative will affect Borrower's obligation to complete the Project in substantial conformity with the Plans and Specifications on or before the Completion Date. Bondowner Representative has no duty to visit Project site, to supervise or observe construction activities or to examine any books or records. Any site visit, observation or examination by Bondowner Representative is solely for the purpose of protecting Bondowner Representative's rights and interests, and may not be relied upon by Borrower or by any third party as a representation or warranty of compliance with this Loan Agreement or any other agreement. No site visit, observation or examination by Bondowner Representative will impose any liability on Bondowner Representative with respect to the adequacy of the design or rehabilitation of the Project or result in a waiver of any default of Borrower or be a representation that Borrower is or will be in compliance with the Plans and Specifications, that the rehabilitation work is free from defective materials or workmanship, or that the rehabilitation work complies with all applicable Requirements. Neither Borrower nor any other party is entitled to rely on any site visit, observation or examination by Bondowner Representative. Bondowner Representative owes no duty of care to protect Borrower or any other party against, or to inform Borrower or any other party of, any negligent or defective design or rehabilitation of the Project or any other adverse condition affecting the Property.

5.13 SURVEY. Upon Bondowner Representative's written request, Borrower shall promptly deliver to Bondowner Representative: (a) a perimeter survey of the Property; and (b) upon completion of any new construction for the Improvements, an as-built survey acceptable to a title insurer for purposes of issuing an ALTA policy of title insurance. All such surveys shall be performed and certified by a licensed engineer or surveyor acceptable to the Title Insurer.

5.14 PAYMENT AND PERFORMANCE BONDS. Borrower shall deliver to Bondowner Representative dual obligee performance and labor and material payment bonds in form, substance and amount acceptable to Bondowner Representative. If requested by Bondowner Representative, Borrower shall record such bonds and file the Plans and Specifications and the Construction Agreement in the Official Records of the County.

5.15 PROJECT, TITLE, OPERATION AND MAINTENANCE.

(a) The Issuer shall not be under any obligation to operate, maintain or repair the Property. Borrower agrees that it will, at its own expense, (a) keep the Property in safe repair and in such operating condition as is needed for its operations; (b) make all necessary repairs and replacements to the Property (whether ordinary or extraordinary, structural or nonstructural); (c) subject to the restrictions imposed by the Regulatory Agreement, operate the Project in a sound and economic manner in accordance with usual business practice; (d) operate the Project in compliance with all applicable laws, codes, environmental laws, zoning laws, the ADA (to the extent applicable) and laws regulating construction, occupancy or maintenance of property of a character included in the Project; and (e) comply with all existing and future laws, regulations, orders, building codes and restrictions and requirements of, and all permits and approvals from, and agreements with and commitments to, all governmental, judicial or legal authorities having jurisdiction over the Property or Borrower's business, conducted thereon or therefrom and with all restrictive covenants and other title encumbrances encumbering the Property, including without limitation those contained in the Regulatory Agreement (all collectively, the "Requirements").

(b) Borrower shall pay all expenses of the operation and maintenance of the Project including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof, and all taxes and special assessments levied upon or with respect to the Project and payable during the term of this Loan Agreement, all in conformance with and subject to any good faith contest provisions provided in the Deed of Trust.

(c) In the event Borrower shall fail to maintain, or cause to be maintained, the full insurance coverage required by this Loan Agreement or shall fail to keep the Project in good repair and good operating condition and make all necessary repairs and replacements to the Project, the Bondowner Representative may, after providing Borrower with reasonable notice and the opportunity to remedy the problem(s) identified by Bondowner Representative, but shall be under no obligation to, contract for the required policies of insurance and pay the premiums on the same or make any required repairs, renewals and replacements; and Borrower agrees to reimburse the Issuer or the Bondowner Representative to the extent of the amounts so advanced, and in addition shall pay interest on any such amount at the Default Rate from the date such amount was advanced until the date such amount was repaid or reimbursed by Borrower.

(d) Borrower shall obtain or cause to be obtained all necessary permits and approvals for the operation and maintenance of the Project and shall comply with all applicable lawful requirements of any governmental body regarding the use or condition of the Project, whether existing or later enacted or whether involving any change in governmental policy or requiring structural or other changes to part or all of the Project and irrespective of the cost of making the same. Borrower must deliver copies of all such permits and approvals to Lender promptly and in any event within twenty (20) days after receipt thereof.

(e) Notwithstanding the provisions of this Section 5.15, Borrower may in good faith contest the validity or the applicability of any law, ordinance, rule or regulation provided that during the period of such contest and any appeal therefrom, (i) such failure to comply with such requirement or requirements will not adversely affect the lien of the Deed of Trust or materially endanger such liens or the Project or any part thereof, (ii) will not subject the Project or any part thereof to loss or forfeiture and (iii) Borrower will post with the Bondowner Representative, for the benefit of the Bondholders, cash, a bond or other reasonably acceptable security in an amount equal to 125% of the disputed amount.

(f) Borrower agrees not to permit or suffer others to commit a nuisance in or about the Property or themselves commit a nuisance in connection with their use or occupancy of the Property.

5.16 ADVANCES. Borrower acknowledges and agrees that under this Loan Agreement and certain of the other Loan Documents, the Bondholders or the Bondowner Representative may, but shall be under no obligation to, take certain action and make certain advances relating to the Project from certain funds held under the Indenture or otherwise, or to certain other matters as expressly provided therein, and Borrower shall be obligated to repay all such advances on demand with interest from the date such payment was originally advanced until repaid or reimbursed by Borrower at the Default Rate.

5.17 ALTERATIONS TO THE PROJECT AND REMOVAL OF EQUIPMENT. After completion of rehabilitation in accordance with the Plans and Specifications, subject to Section 5.5(a), Borrower shall not, without the reasonable consent of Bondowner Representative, remodel or make any additions, modifications, alterations, or changes to the Project (collectively referred to as "alterations") in or to the Project or remove any equipment therefrom other than in the ordinary course of business in the operation of the Project. Notwithstanding the provisions of the Deed of Trust, no such alteration or removal will be made if to do so would impair the character of the Project as a "project" within the meaning of the Act, or impair the exclusion of interest on the Bonds from gross income for federal income tax purposes.

5.18 CONSTRUCTION SCHEDULE. If, based on any construction progress schedule or other materials submitted by Borrower, Bondowner Representative in its reasonable judgment determines that the Project will not be completed by the Completion Date, Bondowner Representative may request Borrower in writing to

reschedule the work of rehabilitation to permit timely completion. In addition, if Bondowner Representative in its reasonable judgment determines that any building constituting the Project will not be "placed in service" (within the meaning of Section 42 of the Code) by the Completion Date, Bondowner Representative may request Borrower in writing to reschedule the work of rehabilitation. Within fifteen (15) days after receiving such a request from Bondowner Representative, Borrower must deliver to Bondowner Representative a revised construction progress schedule showing completion of the Project by the Completion Date. As a condition to any agreement to extend the Completion Date, Bondowner Representative may require Borrower to confirm by evidence satisfactory to Bondowner Representative that such extension will not have any adverse effect upon the availability of the LIHTC for the Project.

5.19 PRESERVATION OF RIGHTS. Borrower must obtain, preserve and maintain in good standing, as applicable, all rights, privileges and franchises necessary or desirable for the operation of the Property and the conduct of Borrower's business thereon or therefrom.

5.20 MAINTENANCE AND REPAIR. Borrower must (i) maintain the Property, including the parking and landscaping portions thereof, in good condition and repair, reasonable wear and tear excepted, (ii) promptly make all necessary structural and non-structural repairs to the Project (or cause tenants under any leases to perform such obligation), and (iii) not erect any new buildings, structures or building additions on the Property, without the prior written consent of Bondowner Representative. Borrower must pay when due all claims for labor performed and materials furnished therefor in connection with any improvement or rehabilitation activities.

5.21 PERFORMANCE OF ACTS. Borrower must perform, upon Bondowner Representative's request, all acts necessary to perfect any lien or security interest provided for in the Loan Documents.

5.22 MANAGEMENT AGREEMENT. Bondowner Representative must review and approve any agreement providing for the management or operation of the Property, including any material modifications or amendments thereto before Borrower can enter into such agreement, provided, however, the approval of Bondowner Representative shall not be required for the renewal of any such agreement.

5.23 TAX RECEIPTS. From and after the Conversation Date, at Borrower's sole expense, Bondowner Representative must be furnished with a tax services contract issued by a tax reporting service satisfactory to Bondowner Representative.

ARTICLE 6. CONVERSION

6.1 CONVERSION CONDITIONS. The Loan will convert ("Conversion") to a term loan subject to the satisfaction of each of the conditions precedent set forth in the Bond Purchase Agreement (the "Conversion Conditions"), or waiver thereof, and upon the purchase of the Bonds by CCRC.

ARTICLE 7. INSURANCE

Borrower shall, while any obligation of Borrower or any Guarantor under any Loan Document remains outstanding, maintain at Borrower's sole expense, with licensed insurers approved by Bondowner Representative, the following policies of insurance in form and substance satisfactory to Bondowner Representative. Capitalized terms used in this Article shall have the same meaning as such terms are commonly and presently defined in the insurance industry.

7.1 TITLE INSURANCE. A Title Policy, consistent with the requirements of Section 4.1(d) and 4.3(f) of this Loan Agreement prior to Conversion and the Bond Purchase Agreement after Conversion, insuring Bondowner Representative, in the principal amount of the Loan, of the validity and the priority of the lien of the Deed of Trust upon the Property, subject only to matters approved by Bondowner Representative in writing. During the term of the Loan, Borrower shall cause to be delivered to Bondowner Representative, within ten (10) days of Bondowner Representative's written request, such other endorsements to the Title Policy as Bondowner

Representative may require, including without limitation, a lien-free endorsement in form and content satisfactory to Bondowner Representative upon completion of the rehabilitation of the Improvements. Upon the request of Bondowner Representative, or its successors or assigns, Borrower shall provide a valid recorded Notice of Completion evidencing that the Improvements are 100% complete, Bondowner Representative shall have received a lien free endorsement in form and content satisfactory to Bondowner Representative to be attached to the Title Policy, and an LP-10 Rewrite to the Title Policy in form and content satisfactory to Bondowner Representative, or its successors or assigns.

7.2 PROPERTY INSURANCE.

(a) Prior to the Conversion Date, if required by Bondowner Representative, a Special Form Completed Value (Non-Reporting Form) Hazard Insurance policy, including without limitation, theft coverage and such other coverages and endorsements as Bondowner Representative may require, insuring Bondowner Representative against damage to the Property and Improvements in an amount not less than 100% of the full replacement cost at the time of completion of the Improvements. Such coverage should adequately insure any and all Loan collateral, whether such collateral is onsite, stored offsite or otherwise. Bondowner Representative shall be named on the policy as Mortgagee and named under a Bondowner Representative's Loss Payable Endorsement (form #438BFU or equivalent).

(b) At all times from and after the Conversion Date, Borrower shall provide, maintain and keep in full force and effect all insurance required in clauses (i) through (iv) below, as well as such additional insurance as CCRC in its reasonable judgment may from time to time require, against insurable hazards which at the time are commonly insured against in the case of properties situated similarly to that of the Property. Borrower shall supply CCRC with a Certificate of Insurance for any and all policies required hereunder. Insurance required hereunder is as follows:

- (i) Borrower must provide insurance, with a replacement cost provision in the policy of insurance or as an endorsement attached thereto, insuring against loss or damage to the Real Property and Improvements as follows:
 - (1) insurance against loss or damage from fire and/or lightning;
 - (2) insurance against loss or damage from other risks embraced by the type of coverage known as Special Form All Risk Fire and Extended Coverage insurance, including riot and civil commotion, vandalism and malicious mischief, in an amount not less than the Loan amount;
 - (3) insurance against loss or damage from any boilers, electrical wiring and/or heating, air conditioning and/or refrigeration equipment, or other similar equipment and machinery, at full replacement cost;
 - (4) such other insurance, endorsements and/or renewals, including extended coverage, as CCRC may require, insuring against such perils, risks or hazards as CCRC may designate, including (x) flood insurance, if the Property is located in a flood zone pursuant to those certain NFIP maps issued by the Federal Emergency Management Agency, covering the Property, and, (y) earthquake insurance in such amounts, and on such terms and conditions, as CCRC may require, but only in the event that either (1) the Office of the Comptroller of the Currency or the Federal Deposit Insurance Corporation requires regulated financial institutions or entities such as CCRC to require borrowers or customers to insure against earthquakes, or (2) either Fannie Mae or the Federal Home Loan Mortgage Corporation requires that collateral for loans in its respective programs be insured against earthquakes, or (3) the

Property is or becomes located in an "Alquist-Priolo" zone as determined by reference to applicable California law;

- (ii) Borrower must provide commercial or comprehensive liability insurance of at least One Million Dollars (\$1,000,000.00) per occurrence (or, if the Property contains one or more elevators, at least Three Million Dollars (\$3,000,000.00) per occurrence), naming CCRC as an additional insured party, on an "occurrence" basis against claims for "personal injury" liability, including bodily injury, death or property damage liability;
- (iii) Borrower must provide worker's compensation insurance as may be required by applicable worker's compensation insurance laws (including employer's liability insurance, if required by CCRC), covering all employees of Borrower; and
- (iv) Borrower must provide rental income or rental value insurance with respect to the Improvements, with a liability of not less than twelve (12) months' project rents therefrom, naming CCRC as a lender loss payee.

7.3 FLOOD HAZARD INSURANCE. A policy of flood insurance, if required by applicable governmental regulations, or as deemed necessary by Bondowner Representative, in an amount required by Bondowner Representative, but in no event less than the amount sufficient to meet the requirements of applicable law and governmental regulation.

7.4 LIABILITY INSURANCE. A policy of Commercial General Liability insurance on an occurrence basis, with coverages and limits as required by Bondowner Representative, insuring against liability for injury and/or death to any person and/or damage to any property occurring on the Property and/or in the Improvements. During the period of any construction or rehabilitation, Borrower may cause its contractors and/or subcontractors to maintain in full force and effect any or all of the liability insurance required hereunder. Bondowner Representative may require that Borrower be named as an additional insured on any such policy. Whether Borrower employs a general contractor or performs as owner-builder, Bondowner Representative may require that coverage include statutory workers' compensation insurance. Upon Conversion, Borrower must provide comprehensive liability insurance naming Bondowner Representative as an additional insured party, on an "occurrence" basis against claims for "personal injury" liability, including bodily injury, death or property damage liability, with a limit of not less than Three Million Dollars (\$3,000,000.00) if there is an elevator servicing the Property, and with a limit of not less than One Million Dollars (\$1,000,000.00) if there is no elevator servicing the Property.

7.5 OTHER COVERAGE. Borrower shall provide to Bondowner Representative evidence of such other reasonable insurance in such reasonable amounts as Bondowner Representative may from time to time request against such other insurable hazards which at the time are commonly insured against for property similar to the subject Property located in or around the region in which the subject Property is located. Such coverage requirements may include but are not limited to coverage for earthquake, acts of terrorism, business income, rental loss, sink hole, soft costs, tenant improvement or environmental.

7.6 OTHER INSURANCE. If Bondowner Representative so requests, Borrower must provide such certified copy of worker's compensation insurance as may be required by applicable worker's compensation insurance laws (including employer's liability insurance, if required by Bondowner Representative), covering all employees of Borrower. Borrower must provide such additional insurance upon Conversion as described in Section 6.1.

7.7 GENERAL.

- (a) Borrower shall provide to Bondowner Representative the originals of all required insurance policies, or other evidence of insurance acceptable to Bondowner Representative. All insurance

policies shall provide that the insurance shall not be cancelable or materially changed without ten (10) days prior written notice to Bondowner Representative and Issuer of any cancellation for nonpayment of premiums and not less than 30 days prior written notice to Bondowner Representative and Issuer of any other cancellation or any modification (including a reduction in coverage). Bondowner Representative and Issuer shall be named under a Bondowner Representative's Loss Payable Endorsement (Form #438BFU or equivalent) on all insurance policies which Borrower actually maintains with respect to the Property and Improvements. All insurance policies shall be issued and maintained by insurers approved to do business in the state in which the Property is located and must have an A.M. Best Company financial rating and policyholder surplus acceptable to Bondowner Representative. All proceeds of insurance policies shall be controlled by Bondowner Representative and disbursed by Bondowner Representative pursuant to and in accordance with Section 5.6 of the Deed of Trust. Borrower shall provide to Bondowner Representative evidence of any other hazard insurance Bondowner Representative may deem necessary at any time during the Loan.

(b) All policies of insurance required under the Loan Documents upon Conversion must be issued to Borrower as the primary insured party by companies approved by CCRC having Best's ratings of not less than A:VI, and be approved by CCRC as to amounts, forms, risk coverages, deductibles, expiration dates, and loss payable and cancellation provisions. The maximum allowable deductible is \$5,000.00. In addition, each required policy must contain such endorsements as CCRC may require, as well as a Lenders Loss Payable Endorsement ISO CP 1218 or 438 BFU or its equivalent in favor of CCRC at 225 West Broadway, Suite 120, Glendale, California 91204, and must provide that all proceeds be payable to CCRC to the extent of its interest. An approval by CCRC is not, and shall not be deemed to be, a representation of the solvency of any insurer or the sufficiency of any amount of insurance. Co-insurance shall not be allowed in connection with the policies of insurance required hereunder. At all times, Borrower shall provide, maintain and keep in force all insurance required in Sections 7.1 through 7.6 above. In the event that either (1) the Office of the Comptroller of the Currency or the Federal Deposit Insurance Corporation requires regulated financial institutions or entities such as Bondowner Representative to require the Borrower to insure against earthquakes, or (2) either Fannie Mae or the Federal Home Loan Mortgage Corporation requires that collateral for loans in its respective affordable housing program be insured against earthquakes, or (3) the Land or the Improvements are or become located in an "Alquist-Priolo" zone as determined by reference to applicable California law, then, only in such event, Bondowner Representative shall have the right to require the Borrower to obtain earthquake insurance; provided, however, that such insurance must also comply with the standard set forth in the preceding sentence.

(c) Each policy of insurance required under the Loan Documents must provide that it may not be modified or canceled without at least thirty (30) days prior written notice to Bondowner Representative. At least ten (10) days before expiration of any required insurance policy, Borrower shall furnish Bondowner Representative and Issuer with proof acceptable to Bondowner Representative and Issuer that a new policy has been issued, continuing in force the insurance covered by the policy that is expiring. At the same time, Borrower shall also furnish Bondowner Representative and Issuer with evidence satisfactory to Bondowner Representative that all premiums for any such new policy have been paid. If at least ten (10) days before a required policy expires, Bondowner Representative and Issuer do not receive proof and evidence that a new policy has been issued and that the premiums for it have been paid, Bondowner Representative in its sole discretion may procure a new policy and advance funds to pay the premiums for it. Borrower shall repay Bondowner Representative immediately on demand for any advance for such premiums, which shall be considered to be an additional loan to the Borrower bearing interest at the rate of interest provided for in the Note, and secured by the Loan Documents.

(d) Upon an Event of Default, whether or not the same has thereafter been cured or waived by Bondowner Representative, but for the lapse of any applicable grace period, Borrower shall, at the request of Bondowner Representative, deposit with Bondowner Representative, in monthly installments in advance on the first day of each month, an amount sufficient, as reasonably estimated by Bondowner Representative, to pay all insurance premiums next due on all policies of insurance required by this Loan Agreement or the other Loan Documents. In such event, Borrower further agrees, upon Bondowner

Representative's request, to cause all bills, statements or other documents relating to the foregoing insurance premiums to be sent or mailed directly to Bondowner Representative. Upon receipt of such bills, statements or other documents, and provided Borrower has deposited sufficient funds with Bondowner Representative pursuant to this Section 7.7, Bondowner Representative shall pay such premiums as may be due thereunder out of the funds so deposited with Bondowner Representative. If at any time and for any reason the funds deposited with Bondowner Representative are or will be insufficient to pay such premiums as may then or subsequently be due, Bondowner Representative may notify Borrower and Borrower shall immediately deposit an amount equal to the deficiency with Bondowner Representative. If at any time the funds deposited with Bondowner Representative exceed the amount deemed necessary by Bondowner Representative to pay such premiums as may then or subsequently be due, such excess shall be credited to Borrower on the next monthly installment or installments of such funds. Upon payment and performance in full of the Loan all indebtedness and obligations under the Loan Documents, Bondowner Representative shall promptly refund to Borrower any such funds held by Bondowner Representative. Nothing herein shall cause Bondowner Representative to be deemed a trustee of such funds or to be obligated to pay any amounts in excess of the amount of funds deposited with Bondowner Representative pursuant to this Section 7.7. Bondowner Representative may commingle such deposits with its own funds and Borrower shall not be entitled to any interest thereon.

ARTICLE 8. REPRESENTATIONS AND WARRANTIES

8.1 REPRESENTATIONS AND WARRANTIES OF THE ISSUER. The Issuer makes the following representations and warranties to the Bondowner Representative:

(a) The Issuer is a political subdivision and body corporate and politic of the State of California and is duly authorized to issue the Bonds and to perform its obligations under this Loan Agreement.

(b) All requirements have been met and procedures have occurred in order to authorize the execution and delivery of this Loan Agreement. The Issuer has taken all necessary action and has complied with all provisions of the law required to make this Loan Agreement a valid and binding limited obligation of the Issuer, except to the extent limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity, or by public policy.

(c) The Bonds have been duly authorized, executed and delivered by the Issuer. Nothing in this Loan Agreement shall be construed as requiring the Issuer to provide any financing for the Project other than the proceeds of the Bonds or to provide sufficient moneys for all of the cost of financing the Project.

(d) To the best knowledge of the Issuer, there is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency or public board or body pending or threatened against the Issuer which (i) affects or seeks to prohibit, restrain or enjoin the issuance, execution or delivery of the Bonds, the origination of the loan or the lending of the proceeds of the Bonds to the Borrower, or the execution and delivery of the Bond Documents, (ii) affects or questions the validity or enforceability of the Bonds or the Bond Documents or (iii) questions the tax-exempt status of interest on the Bonds.

8.2 REPRESENTATIONS AND WARRANTIES OF THE BORROWER. As a material inducement to Bondowner Representative's entry into this Loan Agreement and Issuer's issuance of the Bonds, Borrower represents and warrants to Bondowner Representative and Issuer as of the Effective Date and continuing thereafter that:

(a) Organization Of Borrower And General Partner. Borrower is and shall at all times hereafter be a limited partnership duly organized and validly existing under the laws of the State of California and is and at all times hereafter shall be qualified and licensed to do business and is in good

standing in any state in which it conducts its business or in which the failure to qualify could have a material adverse effect on the condition, financial or otherwise, business, Property or results of operations of Borrower. General Partner is and shall at all times be a corporation or limited liability company, duly organized and validly existing under the laws of the state of its formation, and is and at all times shall be qualified and licensed to do business, and is in good standing, in any state in which it conducts its business or in which the failure to qualify could have a material adverse effect on the condition, financial or otherwise, of its business or the Property.

(b) Issuer/Enforceability. Borrower is in compliance with all laws and regulations applicable to its organization, existence and transaction of business and has all necessary rights and powers to own, develop and operate the Property and Improvements as contemplated by the Loan Documents.

(c) Requisite Power. Borrower has all requisite partnership power to borrow the sums provided for under the Loan and under this Loan Agreement, and has all requisite power to execute, deliver, issue and perform this Loan Agreement and all other Loan Documents to which it is a party and to consummate the transactions hereunder and thereunder. General Partner has all requisite power to act on its own behalf and as Borrower's general partner in connection with its and Borrower's execution, delivery and performance of this Loan Agreement, the other Loan Documents and any and all other documents executed in connection herewith or therewith to which it or Borrower is a party, and the consummation of the transactions hereunder or thereunder.

(d) Formation And Organizational Documents. Borrower has delivered to Bondowner Representative all formation and organizational documents of Borrower, of the general partners, joint venturers or members of Borrower, if any, and Guarantor of the Loan, if any, and all such formation and organizational documents remain in full force and effect and have not been amended or modified since they were delivered to Bondowner Representative. Borrower shall immediately provide Bondowner Representative with copies of any amendments or modifications of the formation or organizational documents.

(e) Authorization. All partnership actions on the part of Borrower or all corporate, limited liability company and/or partnership actions on behalf of the General Partner necessary for the authorization, execution, delivery and performance of this Loan Agreement, the other Loan Documents and any and all other documents executed in connection herewith or therewith, has been duly taken and is in full force and effect. All corporate or limited liability company actions on the part of any General Partner, acting on its own behalf and as Borrower's general partner necessary for the authorization, execution, delivery and performance of this Loan Agreement, the other Loan Documents or any other document executed in connection herewith or therewith to which it or Borrower is a party has been duly taken and is in full force and effect. In addition, each authorized officer or partner executing this Loan Agreement, the other Loan Documents or any other document executed in connection herewith or therewith, is (as of the date of such execution) duly and properly in office and fully authorized to execute and deliver the same on behalf of the General Partner, acting on its own behalf and as Borrower's general partner.

(f) Binding Obligations. This Loan Agreement, the other Loan Documents and any and all other documents executed in connection herewith or therewith to which either Borrower or any General Partner is a party have been duly executed and delivered and are the legal, valid and binding obligations of Borrower and such General Partner (as the case may be), enforceable in accordance with their respective terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

(g) No Violation. Borrower's and each General Partner's execution, delivery, and performance under the Loan Documents do not: (a) violate any governmental requirement applicable to the Property and Improvements or any other statute, law, regulation or ordinance or any order or ruling of any

court or governmental entity; or (b) violate any statute, law, regulation or ordinance, or any order of any court or governmental entity.

(h) No Conflict. The execution and delivery of the Loan Documents, the consummation of the transactions therein contemplated and the fulfillment of or compliance with the terms and conditions thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the partnership agreement of the Borrower or to the best knowledge of the Borrower and with respect to the Borrower, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Loan Documents, or the financial condition, assets, properties or operations of the Borrower.

(i) No Consent. 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 the Loan Documents, or the consummation of any transaction therein contemplated, or the fulfillment of or compliance with the terms and conditions thereof, except as have been obtained or made and as are in full force and effect.

(j) Compliance With Laws. Borrower has and at all requisite times shall have obtained all permits, licenses, exemptions, and approvals necessary to rehabilitate, occupy, operate and market the Property and Improvements, and shall maintain compliance with all governmental requirements applicable to the Property and Improvements and all other applicable statutes, laws, regulations and ordinances necessary for the transaction of its business, including without limitation all laws and regulations with respect to the creation, continued effectiveness and availability of LIHTCs. The Property is a legal parcel lawfully created in full compliance with all subdivision laws and ordinances. Borrower and each General Partner are in compliance in all material respects with all applicable laws, rules, regulations and ordinances.

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

(l) Financial Condition. All financial statements and information heretofore and hereafter delivered to Bondowner Representative by Borrower, including, without limitation, information relating to the financial condition of Borrower, the Property, the Improvements, the partners, joint venturers or members of Borrower (to the extent any such entity is an affiliate of General Partner, Guarantor or Indemnitor), and/or any Guarantor, fairly and accurately represent the financial condition of the subject thereof as of the date hereof and have been prepared (except as noted therein) in accordance with generally accepted accounting principles consistently applied. Notwithstanding the use of generally accepted accounting principles, the calculation of liabilities shall NOT include any fair value adjustments to the carrying value of liabilities to record such liabilities at fair value pursuant to electing the fair value option election under FASB ASC 825-10-25 (formerly known as FAS 159, *The Fair Value Option for Financial Assets and Financial Liabilities*) or other FASB standards allowing entities to elect fair value option for financial liabilities. Therefore, the amount of liabilities shall be the historical cost basis, which generally is the contractual amount owed adjusted for amortization or accretion of any premium or discount. Borrower acknowledges and agrees that Bondowner Representative may request and obtain additional information from third parties regarding any of the above, including, without limitation, credit reports.

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

(n) No Material Adverse Change. There has been no material adverse change in the financial condition of Borrower and/or any Guarantor since the dates of the latest financial statements furnished to Bondowner Representative and, except as otherwise disclosed to Bondowner Representative in writing, Borrower has not entered into any material transaction which is not disclosed in such financial statements.

(o) Loan Proceeds and Adequacy. The undisbursed Loan proceeds, together with Borrower's Funds, the proceeds of the Subordinate Loan(s), the Capital Contributions, and all other sums, if any, to be provided by Borrower as shown in Exhibit C, are sufficient to acquire Borrower's interest in the Property and rehabilitate the Improvements in accordance with the terms and conditions of this Loan Agreement.

(p) Accuracy. All reports, documents, instruments, information and forms of evidence delivered to Bondowner Representative by Borrower concerning the Loan or security for the Loan or required by the Loan Documents are accurate, correct and sufficiently complete to give Bondowner Representative true and accurate knowledge of their subject matter, and do not contain any misrepresentation or omission; provided, however, that with respect to any reports, documents, instruments, information and forms of evidence delivered to Bondowner Representative that were prepared solely by a third party, the foregoing representation and warranty shall be limited to Borrower's knowledge after full and due inquiry.

(q) Tax Liability. Borrower and General Partner have filed all required federal, state, county and municipal tax returns and have paid all applicable taxes and assessments owed and payable, and Borrower has no knowledge of any basis for any additional payment with respect to any such taxes and assessments.

(r) Utilities. All utility services, including, without limitation, gas, water, sewage, electrical and telephone, necessary for the rehabilitation and occupancy of the Property and Improvements are available at or within the boundaries of the Property, or Borrower has taken all steps necessary to assure that all such services will be available upon completion of the Improvements. Borrower shall pay when due all utility assessments and charges for gas, electricity, fuel, water, steam, sewer, drainage, refuse disposal, telephone and other services furnished to or for the benefit of the Property and all other assessments or charges of a similar nature, whether public or private, affecting the Property or any portion thereof, whether or not such assessments or charges are liens on the Property.

(s) Compliance. Borrower is familiar with and in compliance with all governmental requirements for the development of the Property and the rehabilitation of the Improvements and will conform to and comply with all governmental requirements and the Plans and Specifications.

(t) Americans With Disabilities Act Compliance. The rehabilitation of the Improvements shall be constructed and completed, and thereafter maintained, in strict accordance and full compliance with any applicable requirements of the Americans with Disabilities Act, of July 26, 1990, Pub. L. No. 101 336, 104 Stat. 327, 42 U.S.C. § 12101, et seq., as amended from time to time. Borrower shall be responsible for all ADA compliance costs.

(u) Tax Credits. Borrower has received a Tax-Exempt Reservation Letter dated July 20, 2011 (“Reservation Letter”), and Borrower is entitled to a LIHTC allocation for the Improvements from TCAC. The LIHTC allocation as set forth in said Reservation Letter is for Federal LIHTCs in the minimum amount of Two Hundred Sixty Thousand Seventy-Two and No/100 Dollars (\$260,072.00) annually for each of ten (10) years. Borrower shall completely and in a timely manner perform all actions and meet all requirements to maintain and perfect the reservations and LIHTC allocation, including, without limitation, timely furnishing to the TCAC of all of the items required to be furnished to it no later than such date as required by TCAC in order to prevent the expiration of the reservation and allocation. Failure to do so is a Default pursuant to Section 13.1 herein. Borrower shall submit to Bondowner Representative, immediately upon receipt, until the Loan has been paid in full, a copy of all written communication to or from TCAC or any other governmental authority relating to the Improvements or the LIHTC.

(v) Business Loan. The Loan is a business loan transaction in the stated amount solely for the purpose of carrying on the business of Borrower and none of the proceeds of the Loan will be used for the personal, family or agricultural purposes of the Borrower.

(w) Capital Contribution. The Investor Limited Partner will be required to make Capital Contributions to the Borrower in exchange for Investor Limited Partner’s limited partnership interest in the Borrower and that, subject to and in accordance with the terms and conditions of the Partnership Agreement, Investor Limited Partner will make an Initial Capital Contribution in the amount of \$139,413.00 and total Capital Contributions in the amounts set forth in Section 1.1, as such amounts may be modified pursuant to the Partnership Agreement.

(x) Tax Shelter Regulations. Neither Borrower, any Guarantor, nor any subsidiary of any of the foregoing intends to treat the Loan or the transactions contemplated by this Loan Agreement and the other Loan Documents as being a “reportable transaction” (within the meaning of Treasury Regulation Section 1.6011-4). If Borrower or any other party to the Loan determines to take any action inconsistent with such intention, Borrower will promptly notify Bondowner Representative thereof. If Borrower so notifies Bondowner Representative, Borrower acknowledges that Bondowner Representative may treat the Loan as part of a transaction that is subject to Treasury Regulation Section 301.6112-1, and Bondowner Representative will maintain the lists and other records, including the identity of the applicable party to the Loan as required by such Treasury Regulation.

(y) Borrower Not A “Foreign Person”. Borrower is not a “foreign person” within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended from time to time.

(z) Full Disclosure. This Loan Agreement and the financial information delivered in connection herewith and therewith, and the representations and warranties of Borrower or any member or General Partner herein and in any other document delivered or to be delivered by or on behalf of Borrower or any member or General Partner, do not and will not contain any untrue statement of a material fact or omit a material fact necessary to make the statements contained therein or herein, in light of the circumstances under which they were made, not misleading. To the best knowledge of Borrower, after diligent inquiry and investigation, there is no material fact which Borrower has not disclosed to Bondowner Representative in writing which materially and adversely affect the assets, business, prospects, profits or

condition (financial or otherwise) of Borrower, the rights of Bondowner Representative, the ability of Borrower to perform this Loan Agreement and the Loan Documents.

(aa) Bond-Related Representations.

- (i) Other than the Bonds, no other obligations have been or are expected to be issued under Section 103 of the Code for sale at substantially the same time as the Bonds are sold pursuant to a common plan of marketing and at substantially the same rate of interest as the Bonds and which are payable in whole or part by Borrower or otherwise have with the Bonds any common or pooled security for the payment of debt service thereon, or which are otherwise treated as the same "issue of obligations" as the Bonds as described in Revenue Ruling No. 81-216.
- (ii) Borrower is not in the trade or business of selling properties such as the Project and has acquired the Project for investment purposes only or otherwise for use by Borrower in its trade or business. Therefore Borrower has no present intention to voluntarily sell, surrender or otherwise transfer, in whole or part, its interest in the Project in the foreseeable future, other than in connection with the purchase option granted to General Partner in the Partnership Agreement.
- (iii) Borrower has reviewed and approved the provisions of the Indenture.
- (iv) To the best of Borrower's knowledge, no member of the governing body of the Issuer or any other officer of the Issuer has any significant or conflicting interest, financial, employment or otherwise, in Borrower, the Project or the transactions contemplated hereby.
- (v) The covenants, representations and warranties of Borrower in the Regulatory Agreement are true and correct as of the date hereof and are incorporated herein by reference and made a part of this Loan Agreement.
- (vi) Borrower has not entered into the transaction evidenced hereby with the actual intent to hinder, delay or defraud any creditor and Borrower has received reasonably equivalent value in exchange for its obligations hereunder and under the Deed of Trust and the Regulatory Agreement.
- (vii) Borrower has no known material contingent liabilities.
- (viii) Borrower has no material financial obligation under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which Borrower is a party or by which Borrower or the Project are otherwise bound, other than (a) obligations under this Loan Agreement and the other Loan Documents to which Borrower is a party; (b) obligations under those documents executed in connection with the Subordinate Loan(s); and (c) obligations which may be incurred by Borrower from time to time in the ordinary course of business.
- (ix) Borrower has not borrowed or received other debt financing that has not been heretofore repaid in full, except for the Subordinate Loans.
- (x) Borrower is not (a) an "investment company" or a company "controlled by an investment company" within the meaning of the Investment Company Act of 1940, as amended; (b) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a

“subsidiary company” within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (c) subject to any other federal or state law or regulation which purports to restrict its ability to borrow money other than Article 15 of the California State Constitution.

- (xi) Except as disclosed in the Title Policy, there are no pending or, to the knowledge of Borrower, proposed special or other assessments for public improvements affecting the Project, nor, to the knowledge of Borrower, are there any contemplated improvements to the Property that may result in such special or other assessments.
- (xii) No statement of fact made by Borrower herein or in the Loan Documents to which Borrower is a party contains any untrue statement of a material fact or omits to state any material fact necessary to make statements made by Borrower herein or therein not materially misleading. There is no fact presently known to Borrower which has not been disclosed which materially adversely affects or, to the best of Borrower’s knowledge, would materially adversely affect the business, operations or conditions (financial or otherwise) of Borrower.
- (xiii) All reports, documents, instruments, information and forms of evidence delivered to Bondowner Representative or Issuer by Borrower concerning the Loan or required by the Loan Documents are (or, in the case of materials prepared by persons other than Borrower or its members or general partner, are to the best of Borrower’s knowledge) accurate, correct and sufficiently complete to give Bondowner Representative or Issuer, as applicable, true and accurate knowledge of their subject matter.
- (xiv) Borrower owns directly, and not through any affiliated entity, all of the personal property and fixtures necessary for the operation of the Property for the uses presently being conducted thereon.
- (xv) Before any Guarantor became obligated in connection with the Loan, Borrower made full disclosure to such Guarantor regarding Borrower’s financial condition and business operations, the present and former condition, uses and ownership of the Property and all other circumstances bearing upon Borrower’s ability to pay and perform its obligations under the Loan Documents.
- (xvi) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which the Borrower is a party or of which it is a beneficiary, including the Indenture; that it understands the risks inherent in such transactions; and that it has not relied on the Issuer for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Bond Documents and the Indenture or otherwise relied on the Issuer for any advice.

(bb) Representations and Warranties of the Borrower Related to Certain Tax Matters.
Borrower further represents and warrants that:

- (i) as of the Effective Date, the Borrower is in compliance with all requirements of the Tax Certificate, and the representations set forth in the Tax Certificate pertaining to the Borrower and the Project are true and accurate;

- (ii) the Bonds are not “federally guaranteed” as defined in Section 149(b) of the Code;
- (iii) in accordance with Section 147(b) of the Code, the weighted average maturity of the Bonds does not exceed one hundred twenty percent (120%) of the weighted average reasonably expected economic life of the facilities (comprising the Project) financed with the proceeds of the Bonds, determined as of the later of the date the Bonds are issued or the date the facilities are expected to be placed in service;
- (iv) after the Conversion Date, neither the Borrower nor, to the best knowledge of the Borrower, any “related person” to the Borrower (within the meaning of Section 147(a)(2) of the Code), will purchase Bonds pursuant to any arrangement, formal or informal;
- (v) the information furnished by the Borrower and used by the Issuer in preparing the certificate pursuant to Section 148 of the Code and information statement pursuant to Section 149(e) of the Code is accurate and complete as of the date of the issuance of the Bonds;
- (vi) the acquisition and rehabilitation of the Project were not commenced prior to the sixtieth (60th) day preceding the adoption of Resolution No. 2011/58 of the Issuer with respect to the Project on September 17, 2010, and no obligation for which reimbursement will be sought from proceeds of the Bonds relating to the rehabilitation or equipping of the Project was paid or incurred prior to sixty (60) days prior to such date;
- (vii) the Project is, as of the Closing Date, in compliance with all requirements of the Regulatory Agreement to the extent such requirements are applicable on the Closing Date and the representations and warranties of the Borrower in Sections 2 and 3 of the Regulatory Agreement are true and correct;
- (viii) 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; and
- (ix) no money on deposit in any fund or account in connection with the Bonds, whether or not such money was derived from other sources, will be used by or under the direction of the Borrower in a manner which would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

8.3 TAX EXEMPTION; REGULATORY AGREEMENT. Borrower (and with respect to Section 8.3(b) and (c), the Issuer) hereby covenants, represents and agrees as follows:

(a) not to knowingly take or omit to take any action with respect to this Loan Agreement (with respect to the Issuer) and not to take or omit to take any action with respect to this Loan Agreement or the Project (solely with respect to Borrower) that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds (except for any Bonds owned by a person or entity which is a “substantial user” of the Property or a “related person” to the Borrower);

(b) to take such action or actions, including amendment of the Regulatory Agreement, to the extent deemed necessary in the opinion of Bond Counsel, to preserve or perfect the exclusion of interest on the Bonds from gross income for federal income tax purposes;

(c) at the expense of Borrower, and as to Borrower only, to file of record such documents and take such other steps as are necessary in order to insure that the requirements and restrictions of the Regulatory Agreement will be binding upon all owners of the Project, and as to the Borrower and the Issuer, to execute and record the Regulatory Agreement in the real property records of Contra Costa County, California;

(d) to notify any subsequent owner of the Project of the requirements and restrictions contained in the Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of such restrictions, and to obtain the agreement from any transferee to abide by all requirements and restrictions of the Regulatory Agreement; and

(e) to provide to the Issuer notice of any action (other than actions in its ordinary course of business) which impacts the Issuer's rights hereunder or under the Regulatory Agreement.

8.4 REPRESENTATIONS OF BORROWER AS SINGLE PURPOSE ENTITY.

- (a) Borrower covenants and agrees that it shall not:
- (i) except in connection with the Subordinate Loans, (1) incur, create or assume any indebtedness for borrowed money except indebtedness represented by an invoice, statement of account, check, work request, purchase order or other similar document representing expenses relating to activities of Borrower undertaken in accordance with its formation documents or (2) transfer or lease the Project or any interest therein, except as permitted under Section 5.12 of the Deed of Trust or otherwise under the Loan Documents;
 - (ii) engage, directly or indirectly, in any business other than that arising out of or entering into this Loan Agreement and the other Loan Documents to which Borrower is a party and the ownership, management, leasing, construction, development, operation and maintenance of the Project;
 - (iii) commingle its assets with the assets of any other entity;
 - (iv) partition the Property except as expressly permitted under the Deed of Trust; or
 - (v) voluntarily file or consent to the filing of a petition for bankruptcy, reorganization, assignment for the benefit of creditors or similar proceeding under any federal or state bankruptcy, insolvency, reorganization or other similar law, without the unanimous consent of its partners.

Borrower represents and warrants that as the date hereof it does not have any indebtedness or obligations which would cause it to be in violation of the foregoing covenants.

Further, Borrower covenants that it will do or cause to be done all things necessary to preserve and keep in full force and effect its existence, will not engage in, seek or consent to any dissolution, winding up, liquidation, consolidation, merger or asset sale; will not materially modify its Partnership Agreement without the prior written consent of Bondowner Representative (it being understood that Bondowner Representative's consent may be granted or withheld as to transfers of partnership interests in a manner consistent with this Loan Agreement and Section 5.12 of the Deed of Trust, may be withheld as to any amendment which reduces the obligations of the partners to contribute funds to Borrower below amounts necessary to maintain the Financial Requirements Analysis "in balance", and shall not otherwise be unreasonably withheld); will pay all expenses of the Project from assets of Borrower; will maintain separate books and records and bank accounts; will at all times hold itself out to the public as a separate and distinct legal entity (including in its leasing activities, in entering into any contract and in preparing its

financial statements); will file its own tax returns; and will cause its management to meet regularly to carry on its business.

(b) Borrower shall do all things necessary to preserve and keep in full force and effect its existence, rights and privileges under the laws of the State and its right to own property or transact business in the State. Borrower further represents and warrants that it is, and, so long as any portion of the Loan shall remain unpaid, shall do all things necessary to continue to be, an entity which is formed or organized solely for the purpose of holding, directly, an ownership interest in the Project, does not engage in any business unrelated to such properties and the financing thereof, does not have any assets other than those related to its interest in the properties or the financing thereof or any indebtedness other than the Subordinate Loans, and as permitted by the Deed of Trust or the other Loan Documents, has its own separate books and records and its own accounts, in each case which are separate and apart from the books and records and accounts of any other entity and will maintain the same as official records, holds itself out as being an entity, separate and apart from any other entity and will conduct its business in its own name.

(c) Borrower will not fail to correct any known misunderstanding regarding the separate identity of Borrower.

(d) Borrower will not assume or guarantee or become obligated for the debts of any other entity or hold out its credit as being available to satisfy the obligations of any other entity; will allocate fairly and reasonably any overhead for shared office space; will not pledge its assets for the benefit of any other person or entity; will not make loans to any person or entity; will not enter into or be a party to any transaction with its partners or affiliates except (a) pursuant to its Partnership Documents as they exist as of the date of this Loan Agreement; or (b) in the ordinary course of business and on terms which are no less favorable to it than would be obtained in a comparable arm's-length transaction with an unrelated third party.

(e) Any firm, corporation or partnership which can make the representations and warranties and satisfy the covenants set forth in this Section 8.4 shall constitute a "Single Purpose Entity."

ARTICLE 9. HAZARDOUS MATERIALS

9.1 SPECIAL REPRESENTATIONS AND WARRANTIES. Without in any way limiting the other representations and warranties set forth in this Loan Agreement, and after reasonable investigation and inquiry, Borrower hereby specially represents and warrants to the best of Borrower's knowledge as of the date of this Loan Agreement as follows:

(a) **Hazardous Materials.** Except as previously disclosed to Bondowner Representative in that certain Phase I Environmental Site Assessment dated August 19, 2011, prepared by AEI Consultants, Inc. (the "Environmental Reports"), the Property and Improvements are not and have not been a site for the use, generation, manufacture, storage, treatment, release, threatened release, discharge, disposal, transportation or presence of any oil, flammable explosives, asbestos, urea formaldehyde insulation, radioactive materials, hazardous wastes, toxic or contaminated substances or similar materials, including, without limitation, any substances which are "hazardous substances," "hazardous wastes," "hazardous materials," "toxic substances," "wastes," "regulated substances," "industrial solid wastes," or "pollutants" under the Hazardous Materials Laws, as described below, and/or other applicable environmental laws, ordinances and regulations (collectively, the "Hazardous Materials"). "Hazardous Materials" shall not include commercially reasonable amounts of such materials used in the ordinary course of construction, rehabilitation and/or operation of the Property which are used and stored in accordance with all applicable environmental laws, ordinances and regulations.

(b) **Hazardous Materials Laws.** The Property and Improvements are in compliance with all laws, ordinances and regulations relating to Hazardous Materials ("Hazardous Materials Laws"), including, without limitation: the Clean Air Act, as amended, 42 U.S.C. Section 7401 et seq.; the Federal

Water Pollution Control Act, as amended, 33 U.S.C. Section 1251 et seq.; the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. Section 6901 et seq.; the Comprehensive Environment Response, Compensation and Liability Act of 1980, as amended (including the Superfund Amendments and Reauthorization Act of 1986, "CERCLA"), 42 U.S.C. Section 9601 et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. Section 2601 et seq.; the Occupational Safety and Health Act, as amended, 29 U.S.C. Section 651, the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. Section 11001 et seq.; the Mine Safety and Health Act of 1977, as amended, 30 U.S.C. Section 801 et seq.; the Safe Drinking Water Act, as amended, 42 U.S.C. Section 300f et seq.; and all comparable state and local laws, laws of other jurisdictions or orders and regulations.

(c) **Hazardous Materials Claims.** There are no claims or actions ("Hazardous Materials Claims") pending or threatened against Borrower, the Property or Improvements by any governmental entity or agency or by any other person or entity relating to Hazardous Materials or pursuant to the Hazardous Materials Laws.

9.2 BORDER ZONE PROPERTY. The Property has not been designated as Border Zone Property under the provisions of California Health and Safety Code, Sections 25220 et seq. and there has been no occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be designated as Border Zone Property.

9.3 HAZARDOUS MATERIALS COVENANTS. Borrower agrees as follows:

(a) **No Hazardous Activities.** Borrower shall not cause or permit the Property or Improvements to be used as a site for the use, generation, manufacture, storage, treatment, release, discharge, disposal, transportation or presence of any Hazardous Materials.

(b) **Compliance.** Borrower shall comply and cause the Property and Improvements to comply with all Hazardous Materials Laws.

(c) **Notices.** Borrower shall immediately notify Bondowner Representative in writing of: (i) the discovery of any Hazardous Materials on, under or about the Property and Improvements; (ii) any knowledge by Borrower that the Property and Improvements do not comply with any Hazardous Materials Laws; (iii) any Hazardous Materials Claims; and (iv) the discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause the Property or any part thereof to be designated as Border Zone Property.

(d) **Remedial Action.** In response to the presence of any Hazardous Materials on, under or about the Property or Improvements, Borrower shall immediately take, at Borrower's sole expense, all remedial action required by any Hazardous Materials Laws or any judgment, consent decree, settlement or compromise in respect to any Hazardous Materials Claims.

9.4 INSPECTION BY BONDOWNER REPRESENTATIVE. Upon reasonable prior notice to Borrower, Bondowner Representative, its employees and agents, may from time to time (whether before or after the commencement of a nonjudicial or judicial foreclosure proceeding) enter and inspect the Property and Improvements for the purpose of determining the existence, location, nature and magnitude of any past or present release or threatened release of any Hazardous Materials into, onto, beneath or from the Property and Improvements.

9.5 HAZARDOUS MATERIALS INDEMNITY. BORROWER HEREBY AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS ISSUER AND BONDOWNER REPRESENTATIVE, THEIR GOVERNING BODIES, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS FROM AND AGAINST ANY AND ALL LOSSES, DAMAGES, LIABILITIES, CLAIMS, ACTIONS, JUDGMENTS, COURT COSTS AND LEGAL OR OTHER EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES AND EXPENSES), WHICH ISSUER OR BONDOWNER REPRESENTATIVE MAY INCUR AS A DIRECT OR INDIRECT CONSEQUENCE OF THE USE,

GENERATION, MANUFACTURE, STORAGE, DISPOSAL, THREATENED DISPOSAL, TRANSPORTATION OR PRESENCE OF HAZARDOUS MATERIALS IN, ON, UNDER OR ABOUT THE PROPERTY OR IMPROVEMENTS. BORROWER SHALL IMMEDIATELY PAY TO ISSUER AND BONDOWNER REPRESENTATIVE UPON DEMAND ANY AMOUNTS OWING UNDER THIS INDEMNITY, TOGETHER WITH INTEREST FROM THE DATE THE INDEBTEDNESS ARISES UNTIL PAID AT THE RATE OF INTEREST APPLICABLE TO THE PRINCIPAL BALANCE OF THE NOTE. BORROWER'S DUTY AND OBLIGATIONS TO DEFEND, INDEMNIFY AND HOLD HARMLESS ISSUER AND BONDOWNER REPRESENTATIVE SHALL SURVIVE THE CANCELLATION OF THE NOTE AND THE RELEASE, RECONVEYANCE OR PARTIAL RECONVEYANCE OF THE DEED OF TRUST.

9.6 LEGAL EFFECT OF SECTION. Borrower and Bondowner Representative agree that: (a) this Article 9 is intended as Bondowner Representative's written request for information (and Borrower's response) concerning the environmental condition of the real property security as required by California Code of Civil Procedure §726.5; and (b) each provision in this Article (together with any indemnity applicable to a breach of any such provision) with respect to the environmental condition of the real property security is intended by Issuer, Bondowner Representative and Borrower to be an "environmental provision" for purposes of California Code of Civil Procedure §736, and as such it is expressly understood that Borrower's duty to indemnify Issuer and Bondowner Representative hereunder shall survive: (i) any judicial or non-judicial foreclosure under the Deed of Trust, or transfer of the Property in lieu thereof; (ii) the release and reconveyance or cancellation of the Deed of Trust; and (iii) the satisfaction of all of Borrower's obligations under the Loan Documents.

ARTICLE 10. SET ASIDE LETTERS

10.1 SET ASIDE LETTERS. If, at Borrower's request, Bondowner Representative issues any letter or letters ("Set Aside Letter") to any governmental agency ("Obligee") or bonding company ("Surety") whereby Bondowner Representative agrees to allocate Loan proceeds for the construction of off-site, common area, or other improvements required by any governmental agency or for which bonds may be required ("Bonded Work") in connection with the development of the Property, Borrower represents, warrants, covenants and agrees as follows:

(a) The sum which Borrower requests Bondowner Representative to allocate for the Bonded Work shall be sufficient to pay for the construction and completion cost of the Bonded Work in accordance with any agreement between Borrower and Obligee and a copy of such agreement shall be furnished to Bondowner Representative by Borrower prior to and as a condition precedent to the issuance by Bondowner Representative of any Set Aside Letter;

(b) Bondowner Representative is irrevocably and unconditionally authorized to disburse to the Obligee or Surety all or any portion of said allocated Loan proceeds upon a demand of such Surety or Obligee made in accordance with the terms and conditions of the Set Aside Letter;

(c) Any disbursements or payments which Bondowner Representative makes or may be obligated to make under any Set Aside Letter, whether made directly to the Surety, Obligee, or to others for completion of all or part of the Bonded Work, shall be deemed a disbursement under this Loan Agreement to or for the benefit or account of Borrower;

(d) BORROWER SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS BONDOWNER REPRESENTATIVE FROM ANY CLAIM, DEMAND, CAUSE OF ACTION, DAMAGE, LOSS OR LIABILITY, INCLUDING, WITHOUT LIMITATION, ANY COURT COSTS AND REASONABLE ATTORNEYS' FEES AND EXPENSES, WHICH BONDOWNER REPRESENTATIVE MAY SUFFER OR INCUR AS A DIRECT OR INDIRECT CONSEQUENCE OF ITS ISSUANCE OF OR COMPLIANCE WITH ANY REQUESTED SET ASIDE LETTER. BORROWER SHALL PAY ANY INDEBTEDNESS ARISING UNDER THIS INDEMNITY TO BONDOWNER REPRESENTATIVE IMMEDIATELY UPON DEMAND OF BONDOWNER REPRESENTATIVE. BORROWER'S DUTY TO DEFEND, INDEMNIFY AND HOLD HARMLESS BONDOWNER REPRESENTATIVE HEREUNDER SHALL SURVIVE THE RELEASE AND

CANCELLATION OF THE NOTE AND THE FULL OR PARTIAL RELEASE OR RECONVEYANCE OF THE DEED OF TRUST OR OTHER LOAN DOCUMENTS;

(e) Bondowner Representative shall have no obligation to release any collateral or security under the Loan Documents unless and until Bondowner Representative has received a full and final written release of its obligations under each Set Aside Letter; and

(f) The fee for issuing each Set Aside Letter hereunder shall be one and one-half percent (1.50%) per annum of the Set Aside Letter amount.

ARTICLE 11. COVENANTS OF BORROWER

11.1 COMPLIANCE WITH COVENANTS. So long as this Loan Agreement continues in effect, and until the full and final repayment of the Loan and all indebtedness of Borrower to Bondowner Representative, Borrower shall keep each of the covenants set forth below, elsewhere herein, in the Loan Documents, in the Hazardous Materials Indemnity Agreement (Unsecured), in the Indenture, in the Regulatory Agreement, and in the documents relating to the LIHTC. Borrower shall comply with all existing and future laws, regulations, orders, building restrictions and requirements of, and all agreements with and commitments to, all governmental, judicial or legal authorities having jurisdiction over the Property, including those pertaining to the sale, leasing or financing of the Property, and with all covenants and restrictions, whether recorded or not, affecting the Property (all collectively, the "Requirements").

11.2 EXPENSES. Borrower shall immediately pay Bondowner Representative upon demand all costs and expenses incurred by Bondowner Representative in connection with: (a) the preparation of this Loan Agreement, all other Loan Documents, and Other Related Documents contemplated hereby; (b) the administration of this Loan Agreement, the Indenture, the other Loan Documents and Other Related Documents for the term of the Loan; (c) the enforcement or satisfaction by Bondowner Representative of any of Borrower's obligations under this Loan Agreement, the other Loan Documents, the Indenture, or the Other Related Documents and (d) any revisions, extensions, renewals, refinancings, additional disbursements or "workouts" of the Loan, and in the exercise of any of Bondowner Representative's rights or remedies under this Loan Agreement. For all purposes of this Loan Agreement, Bondowner Representative's costs and expenses shall include, without limitation, all recording and escrow charges, appraisal fees, mortgage taxes, cost engineering and inspection fees, legal fees and expenses, administration/documentation expenses (including without limitation photocopying, postage, telephone, messenger, fax, private express mail, etc.), accounting fees, environmental consultant fees, auditor fees, UCC filing fees and UCC vendor fees, flood certification vendor fees, tax service vendor fees and the cost to Bondowner Representative of any recording and filing fees, escrow fees, title insurance premiums, title surveys, survey invoices, legal fees, appraisal and inspection fees, reconveyance and notary fees. Borrower recognizes and agrees that formal written appraisals of the Property and Improvements by a licensed independent appraiser may be required by Bondowner Representative's internal procedures and/or federal regulatory reporting requirements on an annual and/or specialized basis and that Bondowner Representative may, at its option, require inspection of the Property and Improvements by an independent supervising architect and/or cost engineering specialist: (i) prior to each advance; (ii) at least once each month during the course of rehabilitation even though no disbursement is to be made for that month; (iii) upon completion of the Improvements; and (iv) at least semi-annually thereafter. At its option, Bondowner Representative may make disbursements from the Loan to cover any expenses or charges which are to be borne by Borrower, including, but not limited to, the cost of any required inspections and/or certifications. If any of the services described above are provided by an employee of Bondowner Representative, Bondowner Representative's costs and expenses for such services shall be calculated in accordance with Bondowner Representative's standard charge for such services.

11.3 ERISA COMPLIANCE. Borrower shall at all times comply with the provisions of ERISA with respect to any retirement or other employee benefit plan to which it is a party as employer, and as soon as possible after Borrower knows, or has reason to know, that any Reportable Event (as defined in ERISA) with respect to any such plan of Borrower has occurred, it shall furnish to Bondowner Representative a written statement setting forth

details as to such Reportable Event and the action, if any, which Borrower proposes to take with respect thereto, together with a copy of the notice of such Reportable Event furnished to the Pension Benefit Guaranty Corporation.

11.4 TAX CREDIT INVESTMENT. Pursuant to the terms and conditions of the Partnership Agreement, Investor Limited Partner has obtained a limited partnership interest in the Borrower and is obligated to make Capital Contributions to the Borrower. The Borrower shall: (a) timely satisfy its obligations required for the funding of the Capital Contributions; (b) not commit any breach or default prior to Conversion under the Partnership Agreement; (c) maintain the Partnership Agreement in full force and effect until all sums owing to Bondowner Representative with respect to the Loan as a condition to Conversion have been paid; (d) not consent to any termination, amendment or modification of the Partnership Agreement prior to Conversion which would modify the timing or amounts of the Investor Limited Partner's Capital Contributions without Bondowner Representative's prior written consent or as otherwise permitted under the terms of the Loan Agreement; and (e) except for the Initial Capital Contribution, not use any of the proceeds of the Capital Contributions for any purpose other than for payment to Bondowner Representative and payment of Project Costs until Conversion has occurred.

11.5 OTHER INVESTMENT IN BORROWER. Any investments in or contributions (other than the Capital Contributions) to Borrower required to be made by any shareholder, general partner or limited partner, as the case may be, shall be made at the times and on the terms and conditions set forth in any documents or agreements so providing as such documents or agreements exist as of the Effective Date.

11.6 TAX EXEMPTION. Borrower shall, when eligible to do so, take all action necessary to qualify for, and obtain and maintain the maximum exemption from all general property taxes for the property under the California Revenue and Taxation Code Section 214(g). In addition, Borrower shall take, or cause the members of General Partner to take, all actions necessary to obtain and maintain tax exempt status pursuant to Section 501(c)(3) of the Code.

11.7 PROCEEDS OF THE CAPITAL CONTRIBUTIONS. Other than the Initial Capital Contribution and until Conversion, none of the proceeds of the Capital Contributions shall be used for any purpose other than for payment to Bondowner Representative or payment of Project Costs until all sums owing to Bondowner Representative under the Loan Documents have been paid in full, unless Bondowner Representative consents in writing to such other use. Further, Borrower covenants and agrees that until Conversion, Borrower will comply and cause its General Partner to comply with all obligations and requirements under its Partnership Documents necessary to cause the Investor Limited Partner to timely fund all Capital Contributions to Borrower for payment to Bondowner Representative until all sums owing to Bondowner Representative under the Loan Documents have been paid in full. Except as otherwise provided under this Loan Agreement, after the Closing Date until Conversion, on the dates Investor Limited Partner funds the Capital Contributions, Borrower shall pay and deliver to Bondowner Representative or direct Investor Limited Partner to pay such Capital Contribution directly to Bondowner Representative to repay, in part, the Loan.

11.8 LEASING. After completion of the rehabilitation of the Improvements, Borrower shall lease one hundred percent (100%) of the Improvements (other than the manager's unit(s)) to tenants and such leases will be at rental rates consistent with the low income, tenant selection, and rent requirements of TCAC, the Agency DDA, the Agency Regulatory Agreement, the County Regulatory Agreement, the TCAC Regulatory Agreement, the Deed Restrictions, the Federal Home Loan Bank in connection with its AHP loan program, and any other Restrictions, with one manager's unit permitted.

11.9 APPROVAL OF LEASES. All residential leases and renewals of residential leases of all or any part of the Property and Improvements entered into after the Effective Date shall be upon terms consistent with the Approved Form. All standard lease forms, and any material deviation from the Approved Form shall be approved by Bondowner Representative, and if required pursuant to agreements with Investor Limited Partner, by Investor Limited Partner, in writing prior to execution of any such lease. All residential leases (on the Approved Form), and other leases, rental agreements or residency agreements entered into by Borrower, and all indebtedness arising thereunder or secured thereby, shall contain a provision stating that such leases and such tenants' rights thereunder

are unconditionally junior and subordinate to the Regulatory Agreement, the Deed of Trust and the other Loan Documents, and all indebtedness arising thereunder or secured thereby.

11.10 INCOME TO BE APPLIED TO DEBT SERVICE. Borrower shall first apply all income from leases, and all other income derived from the Property, to pay costs and expenses associated with the ownership, maintenance, development, operation, and marketing of the Borrower's interest in the Property and the Improvements, including all amounts then required to be paid under the Loan Documents, before using or applying such income for any other purpose. Prior to Conversion, (a) all Net Monthly Cash Income shall be used first to pay monthly interest payments coming due under the Loan, other amounts payable under the Loan Documents and expenses of rehabilitation and operation of the Property, except as otherwise provided in the Loan Documents, and (b) except in connection with that portion of the developer fee permitted by Bondowner Representative to be paid prior to Conversion as set forth in the Financial Requirement Analysis set forth in Exhibit C, or as may be otherwise permitted herein, Borrower may not distribute any income to any of its members, partners, or shareholders, allow any member, partner, or shareholder to withdraw capital or make any payments on indebtedness owed to any member, partner, or shareholder. After the Conversion Date, Borrower may not distribute any income to any of its members, partners, or shareholders, allow any member, partner, or shareholder to withdraw capital, or make any payments on indebtedness owed to any member, partner, or shareholder, unless all property expenses then due have been paid in full.

11.11 SUBDIVISION MAPS. Prior to recording any final map, plat, parcel map, lot line adjustment or other subdivision map of any kind covering any portion of the Property (collectively, "Subdivision Map"), Borrower shall submit such Subdivision Map to Bondowner Representative for Bondowner Representative's review and approval, which approval shall not be unreasonably withheld. Within ten (10) Business Days after Bondowner Representative's receipt of such Subdivision Map, Bondowner Representative shall provide Borrower written notice if Bondowner Representative disapproves of said Subdivision Map. Bondowner Representative shall be deemed to have approved the Subdivision Map if such notice is not provided to Borrower. Within five (5) Business Days after Bondowner Representative's request, Borrower shall execute, acknowledge and deliver to Bondowner Representative such amendments to the Loan Documents as Bondowner Representative may reasonably require to reflect the change in the legal description of the Property resulting from the recordation of any Subdivision Map. In connection with and promptly after the recordation of any amendment or other modification to the Deed of Trust recorded in connection with such amendments, Borrower shall deliver to Bondowner Representative, at Borrower's sole expense, a title endorsement to the Title Policy in form and substance satisfactory to Bondowner Representative insuring the continued first priority lien of the Deed of Trust, subject only to the Permitted Prior Encumbrances. Subject to the execution and delivery by Borrower of any documents required under this Section, Bondowner Representative shall, if required by applicable law, sign any Subdivision Map approved, or deemed to be approved, by Bondowner Representative pursuant to this Section.

11.12 OPINION OF LEGAL COUNSEL. Borrower shall provide, at Borrower's expense, at Closing and on the Conversion Date, if requested by CCRC, an opinion of legal counsel in form and content satisfactory to Bondowner Representative which opinion shall be transferable and shall state that Bondowner Representative's successors and assigns as holder of the Note are permitted to rely on the opinion, to the effect that: (a) upon due authorization, execution and recordation or filing as may be specified in the opinion, each of the Loan Documents shall be legal, valid and binding instruments, enforceable against the makers thereof in accordance with their respective terms; (b) Borrower is duly formed and has all requisite authority to enter into the Loan Documents; and (c) such other matters, incident to the transactions contemplated hereby, as Bondowner Representative may reasonably require.

11.13 FURTHER ASSURANCES. Upon Bondowner Representative's request and at Borrower's sole cost and expense, Borrower shall execute, acknowledge and deliver any other instruments and perform any other acts necessary, desirable or proper, as determined by Bondowner Representative, to carry out the purposes of this Loan Agreement and the other Loan Documents or to perfect and preserve any liens created by the Loan Documents.

11.14 ASSIGNMENT. Without the prior written consent of Bondowner Representative, Borrower shall not assign Borrower's interest under any of the Loan Documents, or in any monies due or to become due thereunder, and any assignment without such consent shall be void, except as contemplated under the Purchase Option Agreement. In this regard, Borrower acknowledges that Bondowner Representative would not make this Loan except in reliance on Borrower's expertise, reputation, prior experience in developing and constructing commercial real property, Bondowner Representative's knowledge of Borrower, and Bondowner Representative's understanding that this Loan Agreement is more in the nature of an agreement involving personal services than a standard loan where Bondowner Representative would rely on security which already exists. Bondowner Representative shall not unreasonably withhold its consent to a transfer to the Developer pursuant to the purchase option and right of first refusal to be granted to the Developer in connection with the Partnership Agreement.

11.15 COMPLIANCE WITH LAWS. Borrower shall comply with all laws and requirements of Governmental Authorities and all rights of third parties, relating to the Property or Borrower's business or other properties, and deliver to Bondowner Representative from time to time, within 10 days of Bondowner Representative's request therefor, evidence satisfactory to Bondowner Representative that Borrower has complied with any such law, requirement or right.

11.16 MAINTENANCE AND SECURITY FOR PROJECT. Borrower shall maintain the Project in good condition and repair subject to reasonable wear and tear (such condition and repair to be consistent with that of competing properties), take all measures reasonably required by Bondowner Representative to protect the physical security of the Project, and not permit any waste or damage with respect to the Project.

11.17 NOTICE OF CERTAIN MATTERS. Borrower shall give notice to Bondowner Representative and the Issuer, within 7 days of Borrower's actual knowledge thereof, of each of the following:

- (a) any litigation or claim of any kind affecting or relating to Borrower or to Guarantor until the Conversion Date, and involving an amount in excess of \$50,000.00, and any litigation or claim of any kind that might subject Borrower to liability in excess of \$50,000.00, whether covered by insurance or not;
- (b) any aspect of the Project that is not in conformity with the Plans and Specifications in a material respect;
- (c) the creation or imposition of any mechanic's lien, materialmen's lien or other lien against the Project unless Borrower shall post statutory bonds or other security satisfactory to Bondowner Representative sufficient to cause the removal of such lien;
- (d) the occurrence of any default that remains uncured beyond any applicable notice and cure period by Borrower or any other party under any Project Agreement, or the receipt by Borrower of any notice of default under any Project Agreement;
- (e) the occurrence of any dispute between Borrower and any Governmental Authority relating to the Project, the adverse determination of which might materially affect the Project;
- (f) the occurrence of any threat or commencement of proceedings in condemnation or eminent domain relating to Borrower's ownership of the Project;
- (g) the use of any trade name hereafter used by Borrower in connection with the Project, other than the use of the trade name selected by Borrower prior to lease-up and occupancy of the Project;
- (h) any change in Borrower's principal place of business;
- (i) the occurrence of any Default or event which, with the giving of notice or the passage of time or both, would constitute a Default;

(j) the occurrence of any other event or condition causing a material adverse change in the financial condition or operations of Borrower, or in the physical condition of the Property; and

(k) any communication, whether written or oral, that Borrower may receive from any governmental, judicial or legal authority, giving notice of any claim or assertion that the Property fail in any material respect to comply with any of the Requirements or any applicable governmental law,

11.18 LIENS ON PROPERTY. Borrower shall not cause or suffer to become effective any lien, restriction or other title limitation affecting any part of the Property other than mechanics' liens permitted pursuant to Section 4.3(g), the Regulatory Agreement, the Deed of Trust, the Permitted Encumbrances, the Agency Regulatory Agreement, the County Regulatory Agreement, the TCAC Regulatory Agreement, the Deed Restrictions, deeds of trust relating to the Subordinate Loans and any other liens or encumbrances previously approved by Bondowner Representative in writing and the inchoate liens securing the payment of taxes and assessments not delinquent. Borrower acknowledges that, with any project of the magnitude of the Project, modifications of the Plans and Specifications and Loan Documents may be necessary from time to time and that the existence of junior lienholders, who would be required to consent to such modifications in order to protect the priority of the lien of the Deed of Trust, could impair the expeditious completion of the Project, to the detriment of all parties.

11.19 PROHIBITION OF TRANSFER.

(a) Borrower represents, agrees and acknowledges that:

- (i) Development of real property is a highly complex activity which requires substantial knowledge of law and business conditions and practices, and an ability to control, coordinate and schedule the many factors affecting such development. Experience, financial stability, managerial ability and a good reputation in the business community enhance a developer's ability to obtain market rents (or maximum permissible rents pursuant to the Regulatory Agreement) and/or sales prices and to induce cooperation in scheduling and are taken into account by Bondowner Representative in approving loan applications.
- (ii) Borrower has represented to Bondowner Representative, not only in the representations and warranties contained in the Loan Documents, but also in its initial credit application and in all of the negotiations connected with the Loan, certain facts concerning Borrower's financial stability, managerial and operational ability, reputation, skill, and creditworthiness. Bondowner Representative has relied upon these representations and warranties as a substantial and material consideration in its decision to enter into this Loan Agreement.
- (iii) The conditions and terms provided in this Loan Agreement were induced by these representations and warranties and would not have been made available by Bondowner Representative in the absence of these representations and warranties.
- (iv) Borrower's financial stability and managerial and operational ability and that of those persons or entities having a direct or beneficial interest in Borrower are a substantial and material consideration to any third parties who have entered or will enter into agreements with Borrower.
- (v) Bondowner Representative has relied upon the skills and services offered by such third parties and the provision of such skills and services is jeopardized if Borrower breaches its covenants contained below regarding transfers.

- (vi) Except as otherwise permitted under Section 11.19(b), a transfer of possession of or title to the Property, or a change in the person or entity operating, developing, constructing or managing the Property would substantially increase the risk of Default under the Loan Documents and significantly and materially impair and reduce Bondowner Representative's security for the obligations under this Loan Agreement.

(b) In consideration of Bondowner Representative's induced reliance on such representations, warranties and agreements, Borrower shall not make any transfer prohibited by Section 5.12 of the Deed of Trust. Bondowner Representative acknowledges that Borrower has executed the Purchase Option Agreement and agrees that the exercise of the purchase option, right of first refusal, put and/or call right contemplated therein shall be permitted without the prior approval of Bondowner Representative and shall not constitute a violation of this Section 11.19. Any transfer or purchase not contemplated therein or otherwise permitted under this Loan Agreement shall constitute a violation of this Section 11.19 unless Bondowner Representative has given its prior written consent thereto.

(c) Without the prior written consent of Bondowner Representative, Borrower shall not assign Borrower's interest under any of the Bond Documents or Loan Documents, or in any monies due or to become due thereunder, and any assignment without such consent shall be void.

(d) Notwithstanding any other provision of this Loan Agreement or the other Loan Documents to the contrary:

- (i) The Investor Limited Partner of the Borrower shall be permitted to remove the general partner of Borrower for cause and substitute a new general partner in its place in accordance with the terms and conditions of the Partnership Agreement; provided, however, that (A) Investor Limited Partner shall obtain the prior written consent of Bondowner Representative to such removal and substitution, which consent shall not be unreasonably withheld; provided, however, that no such consent shall be required if the substitute general partner is an Investor Affiliate; (B) Investor Limited Partner can demonstrate to Bondowner Representative's reasonable satisfaction that the Loan is "in balance" notwithstanding any loss of property tax exemption which may result in such substitution, (C) the substitute general partner shall be selected no later than thirty (30) days and admitted no later than sixty (60) days after the date of removal of the general partner or such longer period of time as Bondowner Representative may consent to, and (D) the substitute general partner shall execute and deliver to Bondowner Representative such documents as Bondowner Representative may reasonably require in order to evidence its assumption of all of the rights and obligations of the removed general partner under all the Loan Documents.
- (ii) The Investor Limited Partner may make a transfer of its interest in Borrower as a result of the exercise of the purchase option granted to General Partner or an affiliate of General Partner as set forth in the Partnership Documents.
- (iii) The Investor Limited Partner may make a Permitted Transfer of its interest in Borrower to an Investor Affiliate.
- (iv) The Investor Limited Partner may pledge its interest in Borrower as collateral for a loan to fund the Capital Contributions.

11.20 MANAGEMENT OF PROPERTY. Without the prior written consent of Bondowner Representative, Borrower shall not enter into any agreement providing for the management, leasing or operation of

the Property or Improvements. Bondowner Representative hereby approves of the Property Management Agreement by and between Borrower and the Property Manager. During the term of the Loan, Property Manager shall provide management for the Property, pursuant to the Property Management Agreement. Borrower shall not (i) amend, modify or waive any default under the Property Management Agreement, or any successor thereof, without Bondowner Representative's prior written consent, or (ii) dismiss or replace the Property Manager without Bondowner Representative's prior written consent.

11.21 PARTNERSHIP DOCUMENTS; NO AMENDMENTS. Borrower shall fully comply with and perform all of the obligations of Borrower under the Partnership Documents. Subject to Section 8.4(a), Borrower shall not amend, modify or terminate any of the following documents without Bondowner Representative's prior written consent and shall keep in full force and effect the following documents:

- (a) The Partnership Documents;
- (b) The Agency DDA;
- (c) The Agency Regulatory Agreement;
- (d) The County Regulatory Agreement;
- (e) The TCAC Regulatory Agreement; and
- (f) The Deed Restrictions.

Notwithstanding the foregoing, General Partner shall be entitled to amend the Partnership Agreement without Bondowner Representative's prior written consent (i) to effectuate any transfer and admission which is otherwise permitted without consent hereunder or under the Deed of Trust, (ii) to correct scrivener's errors in the Partnership Agreement, or (iii) to conform the Partnership Agreement to the requirements of Section 42 of the Internal Revenue Code and the regulations promulgated thereunder, or the requirements of TCAC. After any change to the Partnership Agreement, whether it requires Bondowner Representative's consent or not, Borrower shall promptly provide a revised version thereof to Bondowner Representative. Further, during the term of the Loan, no General Partner shall jeopardize in a material way the Property or the financial viability of the Borrower by (i) violating its fiduciary responsibilities under the Partnership Agreement, or (ii) willfully violating any law, regulation or order applicable to the Partnership, and such violations are not remedied or cured as permitted, in the time frames provided, under the Partnership Agreement. Borrower shall notify Bondowner Representative and promptly deliver to Bondowner Representative copies of all written notices by any party under the Partnership Agreement. All funds received by Borrower from the Capital Contributions of Investor Limited Partner pursuant to the Partnership Documents until Conversion has occurred, except for a portion which Bondowner Representative agrees may be used to pay certain syndication fees and other permitted Project Costs, are to be paid promptly to Bondowner Representative for application to costs of rehabilitation of the Improvements and other approved development expenses, payment of developer fees, funding of the Operating Reserve or repayment of the Loan as set forth in this Loan Agreement.

Borrower shall not (i) allow or enable Borrower to issue any partnership interests or equity interests other than as set forth in the Partnership Agreement; (ii) dissolve the Borrower; (iii) cause the removal or replacement of General Partner other than as provided in Sections 11.19(b), 11.19(d) or 15.41; or (iv) except as otherwise permitted under the terms of the Partnership Agreement, materially reduce the amount of the Capital Contributions or alter the time for payment or impair or alter the obligations of the Investor Limited Partner to make or fully fund Capital Contributions in the amounts required pursuant to Section 4.1(m) of this Loan Agreement, provided however that this Section 11.21 shall not prevent the Borrower from accepting any Capital Contributions under the Partnership Agreement; and the Partnership Documents shall remain in full force and effect until all sums owing with respect to the Loan have been

paid, subject to any purchase of Limited Partner's interests in Borrower upon the terms and conditions set forth in this Loan Agreement.

11.22 RESTRICTIONS. Except for the Regulatory Agreement, the Agency DDA, the Agency Regulatory Agreement, the County Regulatory Agreement, the TCAC Regulatory Agreement, the Deed Restrictions, restrictions required in connection with the Federal Home Loan Bank's AHP loan program, and an extended use agreement pursuant to Section 15.44 with the State of California, acting through TCAC, Borrower shall not execute any agreement or document to restrict the use of the Improvements (or which otherwise limit development or sale of the Property or Improvements) other than as expressly consented to by Bondowner Representative, and any such restrictions are, and shall remain subordinate to the Deed of Trust and repayment of the Loan and shall not bind any transferee of the Property who receives title to the Property after foreclosure under the Deed of Trust, or obtains title by deed in lieu of foreclosure under the Deed of Trust.

11.23 TAXES AND IMPOSITIONS. Subject to Borrower's right to claim exemptions under California Revenue and Taxation Code Section 214, Borrower shall pay or cause to be paid, prior to delinquency, all of the following (collectively, the "Impositions"): (a) all general and specific real property taxes and assessments imposed on the Property; (b) all other taxes and assessments and charges of every kind that are assessed upon the Property (or upon the owner and/or operator of the Property) and that create or may create a lien upon the Property (or upon any personal property or fixtures used in connection with the Property), including without limitation nongovernmental levies and assessments pursuant to applicable covenants, conditions or restrictions; and (c) all license fees, taxes and assessments imposed on Bondowner Representative (other than Bondowner Representative's income or franchise taxes) which are measured by or based upon (in whole or in part) the amount of the obligations secured by the Property. If permitted by law, Borrower may pay or cause to be paid any Imposition in installments (together with any accrued interest). Borrower shall not be required to pay or cause to be paid any Imposition so long as (d) its validity is being actively contested in good faith and by appropriate proceedings, (e) Borrower has demonstrated to Bondowner Representative's reasonable satisfaction that leaving such Imposition unpaid pending the outcome of such proceedings could not result in conveyance of the Property in satisfaction of such Imposition or otherwise impair Bondowner Representative's interests under the Loan Documents and (f) if Bondowner Representative shall so request, Borrower has furnished Bondowner Representative with a bond or other security satisfactory to Bondowner Representative in an amount not less than 100% of the applicable claim. Upon demand by Bondowner Representative from time to time, Borrower shall (g) deliver to Bondowner Representative, within 30 days following the due date of Imposition, evidence of payment or other satisfaction of such Imposition reasonably satisfactory to Bondowner Representative and (h) furnish to Bondowner Representative a tax reporting service for the Property of a type and duration, and with a company reasonably satisfactory to Bondowner Representative. The Borrower's General Partner shall take all actions necessary for its members to obtain and maintain tax exempt status pursuant to 501(c)(3) of the code.

11.24 COMPLIANCE WITH LIHTC. Neither General Partner nor Investor Limited Partner shall commit a breach or default under the Partnership Agreement and the Partnership Agreement shall remain in full force and effect until all sums owing with respect to the Loan have been paid, subject to the terms and conditions of this Loan Agreement.

Borrower further covenants and agrees:

(a) To observe and perform all obligations imposed on Borrower in connection with the LIHTC, and to operate the residential units of the Property or to use Borrower's best efforts to cause the appropriate parties to operate the same in accordance with all statutes and regulations governing the LIHTC;

(b) Not to release, forego, alter, amend or modify its rights to the LIHTC without Bondowner Representative's prior written consent, which Bondowner Representative may give or withhold in Bondowner Representative's reasonable discretion;

(c) Not to execute any residential lease of all or any portion of the Property or Improvements which are required to be occupied by low and very-low income tenants that does not comply fully with all requirements and regulations governing the LIHTC, except with Bondowner Representative's prior written consent, which Bondowner Representative may give or withhold in its sole and absolute discretion; provided, however, that Bondowner Representative consent shall not be necessary to (i) increase the amount of LIHTC available to the Project, or (ii) implement any change necessary to comply with the requirements of Section 42 of the Code or TCAC;

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

(e) To comply with the appropriate minimum low-income set-aside requirements under the Internal Revenue Code or applicable federal regulations ("**Federal Laws**") imposed by TCAC, and all California laws and regulations ("**State Laws**") applicable to the creation, maintenance and continued availability of the LIHTC;

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

(g) To set aside the appropriate number of units for households with incomes meeting the required standards of the Contra Costa County median income under the Regulatory Agreement, the Agency DDA, the Agency Regulatory Agreement, the County Regulatory Agreement, the TCAC Regulatory Agreement, the Deed Restrictions and restrictions required by the Federal Home Loan Bank in connection with its AHP loan program in order to qualify for the LIHTC (as determined pursuant to Section 42 of the Code and/or State Laws), adjusted for family size, and to operate and maintain all such units as "low-income units" qualifying for the LIHTC under Section 42(i)(3) of the Code and/or State Laws;

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

(i) To promptly deliver to Bondowner Representative true and correct copies of all notices or other documents or communications received or given by Borrower with regard to or relating in any way to the partnership interests, the LIHTC. Immediately upon receipt thereof, Borrower must deliver to Bondowner Representative a copy of the basis audit (as required by Section 42 of the Code) for the Property (including a certificate of Borrower's accountant or attorneys if requested by Bondowner Representative); the first annual income certification for all tenants of the Property showing that the tenants are qualified for purposes of Borrower's obtaining LIHTC; and the fully-completed Form 8609 (required by the Code) issued for the Property. Borrower must deliver promptly to Bondowner Representative such other certificates, income certificates, reports, and information as Bondowner Representative may request.

11.25 TAX CREDIT DOCUMENTATION. Borrower shall timely prepare or otherwise obtain and file with all appropriate agencies all documentation required in connection with qualifying for and obtaining the LIHTC. Borrower has submitted or shall submit to Bondowner Representative, immediately upon receipt, a copy of each required document, including (but not necessarily limited to) each of the following: (a) verification, in form reasonably acceptable to Bondowner Representative, regarding the availability of Federal LIHTC with respect to the Improvements in the approximate amount of \$260,072.00 annually for ten (10) years; (b) a certification in form acceptable to Bondowner Representative confirming the calculation of the amount of the LIHTC; (c) a copy of application for the LIHTC, together with receipts indicating payment of any required fees in connection with the LIHTC; (d) form of restriction agreement(s) with regard to the LIHTC as required by TCAC; (e) subsidy layering

review required by Section 911 of the Housing and Community Development Act of 1992, if applicable; (f) all other written communications to or from TCAC and any other applicable governmental authority relating to the LIHTC; in each case, provided that all or any portion of the Loan or any other sum to which Bondowner Representative shall be entitled with respect to the Loan remains unpaid. Borrower shall also keep Bondowner Representative timely advised of all other contacts with TCAC and any other applicable governmental authority by or on behalf of Borrower with respect to the LIHTC that may have the effect of modifying Borrower's application to TCAC regarding the LIHTC or otherwise materially affect the Property or the Improvements or Bondowner Representative's security therein. Borrower shall further submit all documentation relating to the LIHTC and evidence of compliance to Bondowner Representative on an annual basis concurrently with the submission thereof to any applicable governmental authority, including, but not limited to, TCAC, which shall in any event occur in a timely manner as required in connection with the LIHTC.

11.26 ADDITIONAL FINANCING. Other than the sources of financing identified in this Loan Agreement, including the Subordinate Loans, Borrower shall not, without the prior written consent of Bondowner Representative, receive any other financing for the rehabilitation of the Improvements (other than partner loans permitted under the terms of the Partnership Agreement, provided that such partner loans do not further encumber the Property or Improvements) and shall not further encumber the Property or Improvements including without limitation, entering into a land sale contract, sale contract or leaseback or conditional sales contract for the Property or Improvements or any portion thereof.

11.27 PERMITS, LICENSES AND APPROVALS. Borrower shall properly obtain, comply with and keep in effect all governmental approvals, permits, certificates, licenses, inspections, consents and franchises (collectively, the "Licenses") necessary to continue to conduct its business and to own, market, occupy, lease and operate the Property and the Improvements, including without limitation, all Licenses related to environmental laws, and shall promptly deliver copies thereof to Bondowner Representative.

11.28 PUBLICITY. Bondowner Representative shall have the right to refer to the Property in its own promotional and advertising materials. Borrower shall not post signs identifying Bondowner Representative as its lender, or otherwise identify Bondowner Representative as its lender, except with Bondowner Representative's prior written consent in each instance.

11.29 AFFORDABILITY COVENANTS. Throughout the term of the Loan, the requisite number of residential apartment units in the Improvements shall rent at such rents, and to households having such incomes, as required by the most restrictive between the (i) Regulatory Agreement and (ii) any other regulatory agreements or other restrictive agreements recorded against the Property, including but not limited to the Agency DDA, the Agency Regulatory Agreement, the County Regulatory Agreement, the TCAC Regulatory Agreement, the Deed Restrictions and restrictions imposed by the Federal Home Loan Bank in connection with its AHP loan program, (iii) any agreements, restrictions or other Requirements to which Borrower or the Property may be subject, including (but not limited to) those of the State of California, acting through TCAC in connection with an allocation of the LIHTC. The foregoing rent and income restrictions shall apply to the Property for so long as the Loan or any portion thereof remains outstanding or such later time as may be provided under the foregoing documents. Each year during the Term of the Loan, Borrower shall provide Bondowner Representative with a copy of Borrower's annual tenant and rent certification and qualification report made (i) to any subordinate lender, (ii) pursuant to the Regulatory Agreement, (iii) to TCAC in connection with the tax credit allocation, and (iv) those governmental agencies charged with determining Borrower's compliance with regulations applicable to the LIHTC claimed by Borrower for the Property.

11.30 SUBORDINATION OF INDEBTEDNESS AND REGULATORY RESTRICTIONS. To the fullest extent allowed by law, any deed of trust, mortgage, regulatory agreement, covenant or restrictive agreement or other instrument evidencing, securing or related to any financing or regulatory requirements imposed by TCAC or any other party on Borrower or the Property, and any obligations related thereto, shall be and remain subordinate to the Loan, and shall be subordinated to the Deed of Trust by an instrument or instruments satisfactory to Bondowner Representative and its counsel, with the exception of the Regulatory Agreement and the other Permitted Prior Encumbrances. No proceeds of collateral or payments of principal, interest or other amounts due and owing with

respect to any other obligations described herein, following a Default under the Loan Documents, shall be received by obligee until the Loan shall have been paid in full.

11.31 IMPOUNDS FOR REAL PROPERTY TAXES. Bondowner Representative shall have the right, following Conversion, to require Borrower to establish an account for the payment of property taxes and all other expenses required to be paid under the Deed of Trust on the terms and conditions set forth in the Deed of Trust. After a Default has occurred, whether or not the same has thereafter been cured, at the request of Bondowner Representative, Borrower shall deposit with Bondowner Representative, in monthly installments in advance on the first day of each month, an amount sufficient, as reasonably estimated by Bondowner Representative, to pay all Impositions (as defined in the Deed of Trust) for the Property.

11.32 NO SALE OF PROPERTY. Except as permitted in this Loan Agreement, the Regulatory Agreement and the Deed of Trust, Borrower shall not sell, convey, or otherwise transfer or dispose of its interest in any Property, nor contract to do any of the foregoing, without the prior written consent of Bondowner Representative in each instance, except such Property as is customarily transferred in the ordinary course of operation of residential multi-family rental developments.

11.33 NONRESIDENTIAL LEASES. Leases entered into from and after the Conversion Date other than for residential units within the Improvements, including, without limitation, leases for laundry equipment, vending machines, administrative space by affiliates of Borrower, General Partner, Property Manager, or otherwise, and commercial space within the Improvements (if any, "Nonresidential Lease(s)"), must be approved by Bondowner Representative prior to execution thereof, which approval shall not be unreasonably withheld. Borrower shall comply in all respects with any restrictions or guidelines as to the rents or other fees that may be charged for such nonresidential space, if any, which are contained in the Loan Documents, the Requirements or in any other agreement by which Borrower or the Property may be bound and which has been approved by Bondowner Representative in writing. Following the occurrence and during the continuance of any Default (as defined in Section 13.1 below), Bondowner Representative may make written demand on Borrower to submit all rents under the Nonresidential Leases to Bondowner Representative.

11.34 LANDLORD OBLIGATIONS. Borrower shall perform all obligations required to be performed by it as landlord under any lease affecting any part of the Property or Improvements.

11.35 [RESERVED].

11.36 COVENANT FOR THE BENEFIT OF THE BONDHOLDERS. Borrower recognizes the authority of the Issuer to assign its interest in and pledge moneys receivable under this Loan Agreement to Bondowner Representative as security for the payment of the principal of and interest and redemption premiums, if any, on the Bonds, and the payment of all other amounts as set forth in Article 3 of this Loan Agreement (other than Sections 3.3(g) and (h), 3.4 and 3.16 to the extent payable to the Issuer). Borrower hereby (i) agrees to be bound by the Issuer's grant of such assignment and pledge, (ii) grants to the Bondowner Representative a security interest in any right and interest Borrower may have in sums held in the Funds described in Article V of the Indenture, to secure the obligations of Borrower under this Loan Agreement and the other Loan Documents and (iii) agrees that the Bondowner Representative shall have all of the rights of a secured party under the California Uniform Commercial Code in connection with such security interest. Each of the terms and provisions of this Loan Agreement is a covenant for the use and benefit of the Bondholders and the Bondowner Representative, so long as the Bonds shall remain Outstanding; but upon payment in full of the Bonds in accordance with the Indenture and of all fees and charges requested under Sections 3.3 and 3.4 of this Loan Agreement, all references in this Loan Agreement to the Bondowner Representative, the Bonds and the Bondholders shall be ineffective, and the Bondholders and the Bondowner Representative shall thereafter have no rights hereunder, save and except those that shall have theretofore vested or that arise from provisions hereunder which survive termination of this Loan Agreement.

11.37 INSPECTION AND ACCESS.

(a) Borrower agrees that the Issuer, the Bondowner Representative and their duly authorized agents, shall have the right to examine and inspect during normal business hours, and for that purpose to enter upon, the Property, and shall also have such right of access thereto at reasonable times and under reasonable conditions and subject to the rights of tenants in possession as may be reasonably necessary to cause the Project to be properly maintained in accordance with Article 5 and in accordance with the applicable provisions of the other Loan Documents. In each instance, the Issuer, the Bondowner Representative and their duly authorized agents will give Borrower reasonable notice before entering the Project premises and make reasonable efforts to avoid interfering with Borrower's use of the Property when exercising any of the rights granted in this Section.

(b) Subject to the restrictions of all applicable laws, Borrower hereby covenants to execute, acknowledge and deliver all such further documents, and do all such other acts and things as may be necessary in order to grant to the Issuer and the Bondowner Representative the rights of access and entry described herein and agrees that such rights of access and entry shall not be terminated, curtailed or otherwise limited by any assignment, lease or other transfer of the Property by Borrower to any other person and subject to the rights of tenants in possession at reasonable times and under reasonable conditions.

11.38 INDEMNITY.

(a) To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Issuer, the Bondowner Representative, and each of their respective officers, governing members, directors, officials, employees, attorneys and agents (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) except arising out of Bondowner Representative's gross negligence or willful misconduct, to which the Indemnified Parties, or any of them, may become subject under or any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

- (i) the Bonds, the Indenture, this Loan Agreement or any other document to which the Issuer is a party, or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale or resale of the Bonds;
- (ii) any act or omission of the Borrower or any of its agents, contractors, subcontractors, engineers, architects, material suppliers, servants, employees or licensees in connection with the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project or any part thereof;
- (iii) any lien or charge upon payments by the Borrower to the Issuer and the Bondowner Representative hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer or the Bondowner Representative in respect of any portion of the Project;
- (iv) any violation of any environmental regulations with respect to, or the release of any hazardous substances from, the Project or any part thereof;
- (v) the defeasance and/or redemption, in whole or in part, of the Bonds;

- (vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering statement or disclosure or continuing disclosure document for the Bonds or any of the documents relating to the Bonds, or any omission or alleged omission from any offering statement or disclosure or continuing disclosure document for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;
- (vii) any declaration of taxability of interest on the Bonds, or allegations (or regulatory inquiry) that interest on the Bonds is taxable, for federal tax purposes (except in the hands of a substantial user); and
- (viii) the Bondowner Representative's acceptance or administration of the trust of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party; except (a) in the case of the foregoing indemnification of the Bondowner Representative or any of its respective officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party; or (b) in the case of the foregoing indemnification of the Issuer or any of its officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel acceptable to the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if in the judgment of such Indemnified Party a conflict of interest exists or could arise by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

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

(c) The Borrower further covenants that nothing within this Section 11.38 shall limit the rights of the Issuer, the program participants of the Issuer and its respective officers, governing members, directors, officials, employees, attorneys and agents to indemnity under Section 9 of the Regulatory Agreement and that such indemnification shall survive the termination and discharge of this Loan Agreement.

11.39 TAX STATUS OF BONDS. Borrower hereby covenants, represents and agrees as follows: (a) that Borrower will not take or permit any action to be taken that would adversely affect either the exclusion from gross income for federal income tax purposes of the interest on the Bonds and, if it should take or permit any such action, Borrower will take all lawful actions to rescind such action promptly upon having knowledge thereof; and

(b) that Borrower will take such action or actions, including amending the Loan and this Loan Agreement, as determined reasonably 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 United States Department of the Treasury or the Internal Revenue Service under the Code. Borrower further covenants and agrees that it will direct all investments in compliance with the Code. Borrower covenants and agrees to cause to be calculated by an arbitrage consultant and pay to the United States any amounts owing to the United States as rebatable arbitrage in accordance with the procedures set forth in the Tax Certificate and Section 6.08 of the Indenture.

11.40 INCORPORATION OF TAX CERTIFICATE. The covenants, representations, warranties and agreements of Borrower set forth in the Tax Certificate are incorporated by reference herein as if fully set forth herein.

11.41 LOSS OF TAX EXCLUSION. Borrower understands that the interest rates provided under the Note and this Loan Agreement have been established on the assumption that interest paid on the Bonds will be excludable from the Bondholders' gross income under Section 103 of the Code and applicable State law (except to the extent that any Bonds are owned by a person or entity which is a "substantial user" of the Property or a "related person" to the Borrower). In the event that (i) Borrower receives notice from Bondowner Representative that Bondowner Representative has discovered any facts or circumstances that would cause interest paid on the Bonds not to be tax-exempt; or (ii) any Bondholder receives notice from the Internal Revenue Service or other governmental authority that interest payable on the Bonds is not tax-exempt, or that the Internal Revenue Service is challenging the tax-exempt status of the Bonds, then the interest rate shall be increased, both prospectively and retroactively, to an annual variable rate equal to the Default Rate. Notwithstanding the foregoing, any change in the interest rate on the Bonds pursuant to this Section 11.41 applicable on and after the Conversion Date shall cause the Note to bear interest at the Default Rate. In the event of an increase in the interest rate under this Section 11.41, Borrower shall pay to the Bondholders promptly upon demand an amount sufficient to adjust previous payments of interest to the increased rate. Borrower shall also indemnify, defend and hold Issuer and Bondowner Representative harmless from any penalties, interest expense or other costs, including reasonable attorneys' fees (including all charges of Issuer's and Bondowner Representative's internal and tax counsel) and accountants' costs, resulting from any dispute with the Internal Revenue Service concerning the exclusion from gross income for federal income tax purposes of interest on the Bonds and the interest payable to any Bondholder on the Bonds, and upon receipt by Bondowner Representative of the amounts set forth in the foregoing indemnity, Bondowner Representative shall assign to Borrower any claims it may have against third parties for negligent acts or omissions in connection with the failure of interest on the Bonds to be excludable from gross income for federal income tax purposes. The obligations of Borrower under this paragraph shall survive termination of this Loan Agreement and repayment of the Loan.

11.42 TAXES, REGULATORY COSTS AND RESERVE PERCENTAGES. Upon Bondowner Representative's demand, Borrower shall pay to Bondowner Representative, in addition to all other amounts which may be, or become, due and payable under this Loan Agreement and the other Loan Documents, any and all Taxes and Regulatory Costs, to the extent they are not internalized by calculation of a One Month LIBO Rate. Further, at Bondowner Representative's option, the One Month LIBO Rate shall be automatically adjusted by adjusting the Reserve Percentage, as determined by Bondowner Representative in its prudent banking judgment, from the date of imposition (or subsequent date selected by Bondowner Representative) of any such Regulatory Costs. Bondowner Representative shall give Borrower notice of any Taxes and Regulatory Costs as soon as practicable after their occurrence, but Borrower shall be liable for any Taxes and Regulatory Costs regardless of whether or when notice is so given.

11.43 AMENDMENT OF REGULATORY AGREEMENT. Borrower shall not suffer or permit to become effective any restrictions (including, without limitation, any "automatic" amendment of the Regulatory Agreement pursuant to its terms) which impose requirements with respect to the occupancy, leasing or operation of the Project which are materially more burdensome than those contained as of the date of this Loan Agreement in the Regulatory Agreement, the other Restrictions or any agreement required to be signed in connection with the

extended use agreement to be entered into for the Project with TCAC without first obtaining the consent of Bondowner Representative to the imposition of such restriction.

11.44 TAX COVENANTS. The Borrower shall 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 Loan Agreement, the Borrower will not take, or permit to be taken on its behalf, any action which would cause interest on the Bonds to be included in gross income for federal income tax purposes and will take such reasonable action as may be necessary to continue such exclusion from gross income, including:

(a) the Borrower will not use the proceeds of the Bonds, or any other funds which may be deemed to be proceeds of the Bonds pursuant to Section 148 of the Code, in the manner which will cause the Bonds to be "arbitrage bonds" within the meaning of such section, and will comply with the requirements of such Section throughout the term of the Bonds;

(b) the Borrower will prepare and file any statements required to be filed by it in order to maintain such exclusion;

(c) the Borrower will pay to the United States any amount required to be paid by the Issuer or the Borrower pursuant to Section 148(f) of the Code, at the times, in the amounts and at the places required in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes, and Borrower shall compute, or cause to be computed, such amounts annually until the earlier of (i) the date required by the Code, or (ii) the date on which no Bonds remain outstanding;

(d) not less than ninety five percent (95%) of the net proceeds of the Bonds (within the meaning of Section 142(a) of the Code) shall be used to pay Qualified Project Costs;

(e) [Intentionally Omitted]

(f) 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 interest on the Bonds;

(g) 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 and the Bondowner Representative;

(h) the full amount of each disbursement from the Loan will be applied to pay or to reimburse the Borrower for the payment of Project Costs and, after taking into account any proposed disbursement, (i) at least ninety five percent (95%) of the net proceeds of the Bonds (as defined in Section 150 of the Code) will be used to pay Qualified Project Costs to provide a qualified residential rental project (as defined in Section 142(d) of the Code), (ii) less than twenty-five percent (25%) of the net proceeds of the Bonds will have been disbursed to pay or to reimburse the Borrower for the cost of acquiring land, (iii) not more than two percent (2%) of the proceeds of the Bonds will have been used for Issuance Costs (as defined in the Indenture), and (iv) none of the proceeds of the Bonds (as defined for purposes of Section 147(g) of the Code) will be disbursed to provide working capital;

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

(j) all leases for the Project will comply with all applicable laws and, as applicable for units rented to low and very-low income tenants, the Regulatory Agreement;

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

(l) no portion of the proceeds of the portion of the Loan shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises, and no portion of the proceeds of the Loan shall be used for an office unless (i) the office is located on the premises of the facilities constituting the Project and (ii) not more than a de minimis amount of the functions to be performed at such office is not related to the day-to-day operations of the Project; and

(m) no proceeds of the Bonds will be used, for the acquisition of any tangible property or an interest therein, other than land or an interest in land, unless the first use of such property was pursuant to such acquisition; provided, however, that this limitation shall not apply with respect to any building (and the equipment therefor) if construction expenditures (as defined in the Code) with respect to such building equal or exceed fifteen percent (15%) of the portion of the cost of acquiring such building (and equipment) financed with proceeds of the Bonds; and provided, further, that this limitation shall not apply with respect to any structure other than a building if construction expenditures with respect to such structure equal or exceed one hundred percent (100%) of the portion of the cost of acquiring such structure financed with the proceeds of the Bonds.

In any matter relating to the exclusion of interest on the Bonds from gross income for federal income tax purposes, the terms and provisions of the Tax Certificate shall control in the event of any conflict between this Loan Agreement and the Tax Certificate.

11.45 DEBT SERVICE COVERAGE RATIO.

(a) Borrower anticipates that, for all fiscal years of the Borrower during the Permanent Loan Term (each, a "Period"), the ratio of Net Income for the Property to Debt Service shall be and remain no less than 1.05 to 1.00 ("Target DSCR"). Borrower acknowledges that Bondowner Representative is relying on the Borrower meeting the Target DSCR in making the Loan, and that Bondowner Representative would not have made the Loan without its reliance upon such anticipated Target DSCR. Notwithstanding anything set forth herein, the failure of the Borrower to maintain the Target DSCR shall not constitute a Default under this Loan Agreement.

(b) In addition to the delivery to Bondowner Representative of the financial information required to be provided under Section 12.1 below, Borrower shall submit annually to Bondowner Representative, within 120 days of the end of each of Borrower's fiscal years during the Permanent Loan Term, a certification by the Borrower of the DSCR for each such fiscal year (the "DSCR Fiscal Certification"); provided, however, that if Borrower's first fiscal year of the Permanent Loan Term ends less than one full year after the Conversion Date, the DSCR Fiscal Certification shall reflect the DSCR for the period only from the Conversion Date to the end of such first fiscal year. Borrower shall make available to Bondowner Representative or its designee any financial information reasonably requested by Bondowner Representative in order for Bondowner Representative to verify and accept Borrower's DSCR calculations. If Bondowner Representative does not accept Borrower's DSCR Fiscal Certification, CCRC shall provide Borrower its recalculation which shall be binding upon Borrower. If Borrower fails to deliver to Bondowner Representative (i) the DSCR Fiscal Certification as required by this Section, or (ii) the financial information required pursuant to Article 12 below, Bondowner Representative shall calculate the DSCR (the "Bondowner Representative DSCR Determination") based upon the most recently available financial information of Borrower, which Bondowner Representative DSCR Determination shall be binding upon Borrower. If any DSCR Fiscal Certification or Bondowner Representative DSCR Determination reveals that the DSCR for any Period covered by such DSCR Fiscal Certification is less than

the Target DSCR, then, while not an Event of Default, Bondowner Representative shall notify Limited Partner (as defined below) and any Subordinate Lender of such fact, and the following shall occur:

- (i) Borrower shall provide Bondowner Representative, within thirty (30) days of Borrower's delivery of the relevant DSCR Fiscal Certification or Bondowner Representative's calculation of the DSCR, as applicable, a written plan reasonably acceptable to Bondowner Representative to bring the Property into compliance with the Target DSCR. Such plan shall include monthly projections of Net Income, Debt Service and DSCR until such time as projections show the Property to be in compliance with the Target DSCR;
- (ii) Borrower shall provide Bondowner Representative, for each month of the year following submittal of the relevant DSCR Fiscal Certification or Bondowner Representative's calculation of the DSCR, as applicable (within 25 days of the end of each month): (x) a certificate disclosing the DSCR for the 12-month period ending in the relevant month (a "**Monthly DSCR Certification**"), and (y) rent rolls and operating statements for the Property, along with a monthly comparison of actual Net Income, Debt Service and DSCR to projected Net Income, Debt Service and DSCR reflected in the written plan described above. Borrower shall also provide a narrative explaining in detail any material variations between actual and projected Net Income, Debt Service and DSCR. If Borrower fails to deliver to Bondowner Representative the Monthly DSCR Certification as provided herein, or if Bondowner Representative's internal DSCR calculation is inconsistent with Borrower's Monthly DSCR Certification, Bondowner Representative shall calculate the monthly DSCR based upon the most recently available financial information of Borrower, and such calculation shall be binding upon Borrower;
- (iii) Until such time as the Property is in actual compliance with the Target DSCR, Borrower shall not make payments or distributions to its partners; but rather, Borrower shall deposit the amount of any such payments otherwise due (and any other excess of Net Income over Debt Service) with Bondowner Representative, to be held as additional collateral by Bondowner Representative in Borrower's name as a debt service reserve (the "**Debt Service Reserve**"). Such deposits by Borrower shall continue until the earlier of (x) the time at which the balance in the Debt Service Reserve shall be sufficient, if applied to the Loan, to bring the Property in compliance with the Target DSCR (assuming the Loan payments are recast based on the deemed application of such Debt Service Reserve to the then-current Loan balance and interest rate and its remaining amortization period and utilizing the Net Income from the latest available audited financial statements), or (y) the time at which a subsequent Monthly DSCR Certification shall reveal that the Property is in actual compliance with the Target DSCR. Monies deposited in the Debt Service Reserve, if invested, shall be invested only in obligations on which interest is excludable from gross income for federal income tax purposes.
- (iv) Upon the actual compliance of the Property with the Target DSCR, as determined by a certification of the Borrower of such event and verified by Bondowner Representative or its designee (not merely upon reduction of the Loan by the amount retained in any Debt Service Reserve being maintained because of the failure to meet the Target DSCR), Bondowner Representative shall release the balance of funds in the Debt Service Reserve retained pursuant to this Section 11.45(b) to Borrower, and Borrower's obligations under any written plan shall terminate.

(c) To the extent Borrower does not comply with any term or condition of subsection (b) above, then, before any Default shall occur pursuant to Section 13.1 below, Borrower's limited partner(s) (collectively, "**Limited Partner**") shall receive written notice of Borrower's failure to comply and Limited Partner shall have the right, but not the obligation, within thirty (30) days of receipt of written notice of Borrower's failure to comply, to cure any such failure to comply. Bondowner Representative agrees to accept any such cure tendered by Limited Partner on behalf of Borrower.

11.46 OPERATING EXPENSES. After the occurrence of a Default, but for the lapse of any applicable grace period, and notwithstanding such Default shall be or have been cured or waived by Bondowner Representative, Bondowner Representative shall have the right to require Borrower to deposit with Bondowner Representative, in monthly installments in advance on the first day of each month, an amount sufficient, as reasonably estimated by Bondowner Representative, to pay all Operating Expenses for the Property. In such event, Borrower further agrees, upon Bondowner Representative's request, to cause all bills, statements or other documents relating to the operating expenses to be sent or mailed directly to Bondowner Representative. Upon receipt of such bills, statements or other documents, and provided Borrower has deposited sufficient funds with Bondowner Representative pursuant to this Section 11.46, Bondowner Representative shall pay such amounts as may be due thereunder out of the funds so deposited with Bondowner Representative. If at any time and for any reason the funds deposited with Bondowner Representative are or will be insufficient to pay such Operating Expenses as may then or subsequently be due, Bondowner Representative may notify Borrower and Borrower shall immediately deposit an amount equal to the deficiency with Bondowner Representative. If at any time the funds deposited with Bondowner Representative exceed the amount deemed necessary by Bondowner Representative to pay such operating expenses as may then or subsequently be due, such excess shall be credited to Borrower on the next monthly installment or installments of such funds. Upon payment and performance in full of the Loan and all indebtedness and obligations under the Loan Documents, Bondowner Representative shall promptly refund to Borrower any such funds held by Bondowner Representative. Nothing herein shall cause Bondowner Representative to be deemed a trustee of such funds or to be obligated to pay any amounts in excess of the amount of funds deposited with Bondowner Representative pursuant to this Section 11.46. Bondowner Representative may commingle such deposits with its own funds and Borrower shall not be entitled to any interest thereon. Borrower shall execute whatever security agreements, financing statements and other documents and instruments as Bondowner Representative may require in order to confirm Bondowner Representative's security interest in and/or control over such accounts (including, without limitation, the Replacement Reserve and funds deposited therein).

11.47 OPERATING RESERVES. At Conversion, Borrower shall have set aside and shall maintain a specific operating reserve fund with respect to the Property in an amount not less than One Hundred Twenty Thousand and No/100 Dollars (\$120,000.00) (the "**Operating Reserve**"), which shall be additional collateral for the Loan during the entire term of the Loan, as follows:

(a) The Operating Reserve shall be maintained by Bondowner Representative in one or more account(s) in Borrower's name with one or more of CCRC's member bank(s). Such account(s) shall provide expressly that Borrower shall make no withdrawals therefrom without the prior written consent of CCRC and Investor Limited Partner (to the extent that such consent is required under any documents executed in connection with the Partnership Documents), which consent from CCRC shall not be unreasonably withheld.

(b) Borrower shall be entitled to use the Operating Reserve funds only to meet operating deficits in connection with the management and/or maintenance of the Property. If Borrower shall at any time draw upon the Operating Reserve to pay such operating deficits, Borrower shall promptly replenish the Operating Reserve from available cash flow from the Property, and the replenishment of the Operating Reserve shall be paid prior to the payment of any Borrower or developer fees.

(c) All of Borrower's interest in the Operating Reserve, any interest accrued or accruing thereon, and the account(s) in which those funds are held, shall be pledged to Bondowner Representative as collateral or security for the Loan pursuant to the Deed of Trust and/or any other pledge agreement or other documentation required by (and acceptable to) Bondowner Representative. If a Default shall occur and be continuing, Bondowner Representative shall be entitled to draw upon and utilize all or any portion of the Operating Reserve as otherwise provided in the Loan Documents.

(d) Initially, the Operating Reserve shall be audited by Bondowner Representative or its delegee, six (6) months following the Conversion Date, and the Operating Reserve shall be audited by Bondowner Representative or its delegee annually thereafter to confirm, among other things, that (i) Borrower has used Operating Reserve funds only for appropriate purposes, and (ii) the Operating Reserve, as funded, is in compliance with this Section 11.47. Borrower shall cooperate with Bondowner Representative's audits of the Operating Reserve.

(e) In the event that operating reserves required under the Partnership Agreement or in connection with any Subordinate Loan are in an amount greater than the Operating Reserve amount required hereunder, Borrower shall be required to deposit such greater amount directly with Bondowner Representative.

(f) Upon payment in full of all principal and interest under the Loan and discharge of the Deed of Trust by Bondowner Representative, Bondowner Representative shall release to Borrower all funds deposited in the Operating Reserve.

11.48 SUBORDINATE LOANS. Borrower shall timely perform all obligations of Borrower with respect to the Subordinate Loans under any documents executed in connection with the Subordinate Loans. Borrower shall deliver to Bondowner Representative copies, certified by Borrower to be true and correct, of the documents that evidence and secure the Subordinate Loans, the form and content of which shall be subject to Bondowner Representative's reasonable approval. Borrower shall at all times fully and timely comply and cause the Property and Improvements to comply with all applicable terms and conditions of the documents that evidence and secure the Subordinate Loans and shall provide Bondowner Representative with such verification of that compliance from time to time as reasonably requested by Bondowner Representative. Borrower shall not (a) commit any breach or default under any Subordinate Loan; (b) fail to maintain the Subordinate Loans in full force and effect until all sums owing to each Subordinate Lender with respect to such Subordinate Loans have been paid; or (c) consent to any termination, amendment or modification of the terms of any Subordinate Loan without Bondowner Representative's prior written consent. Borrower shall fully draw down the full amount of each Subordinate Loan in accordance with the terms and conditions of the respective Subordinate Loan Documents and to the extent that any excess Subordinate Loan funds drawn by Borrower are not applied to the rehabilitation of the Project, Borrower shall deposit such excess Subordinate Loan funds in the Borrower's Funds Account.

11.49 AMERICANS WITH DISABILITIES ACT COMPLIANCE. Borrower shall be in full compliance with all federal and state laws, including those of the Americans with Disabilities Act ("ADA"), 42 U.S.C. 12101 et seq. and its implementing regulations. Under the ADA, Borrower shall provide for reasonable accommodations to allow qualified individuals with disabilities access to and participation in their programs, services and activities. In addition, Borrower shall not discriminate against individuals with disabilities nor against persons due to their relationship or association with a person with a disability. Any subcontract entered into by Borrower relating to this Loan Agreement, to the extent allowed hereunder, shall be subject to the provisions of this Section. Borrower shall be responsible for all ADA compliance costs.

11.50 KEEPING GUARANTOR AND INVESTOR LIMITED PARTNER INFORMED. Borrower must keep Guarantor and Investor Limited Partner informed of Borrower's financial condition and business operations, the condition and all uses of the Property, including all changes in condition or use, and any and all other circumstances that might affect Borrower's ability to pay or perform its obligations under this Loan Agreement.

11.51 STATUS OF BORROWER.

(a) Throughout the term of this Loan Agreement, Borrower will maintain its existence as a limited partnership under the laws of the State of California in good standing and qualified to transact business in the State and will not wind up or otherwise dispose of all or substantially all of its assets.

(b) Notwithstanding the provisions of the Deed of Trust, Borrower shall not effect a merger, consolidation or transfer if the result thereof would cause the interest on the Bonds (in the hands of any person who is not a "substantial user" of the Project or a "related person") to become includable in gross income for federal income tax purposes.

(c) Upon any change in the status of Borrower, by way of substitution, sale or otherwise of Borrower, the Issuer and the Bondowner Representative shall be promptly informed and, if requested, Borrower as newly constituted shall deliver to the Issuer and the Bondowner Representative an instrument in form satisfactory to each of them affirming the liability of Borrower hereunder.

11.52 FILING OF FINANCING STATEMENTS. Borrower agrees that it will cooperate with Bondowner Representative in filing or causing to be filed, at Borrower's sole expense, on or before October 1 of each fifth calendar year in which the Loan remains outstanding, commencing October 1, 2016, any financing statements or continuation statements required or requested by Bondowner Representative to perfect and preserve the security interest of the Issuer and the Bondowner Representative in this Loan Agreement and the payments to be made hereunder, as granted in the Indenture.

11.53 NEGATIVE COVENANTS. Without Bondowner Representative's prior written consent, Borrower may not:

- (a) engage in any business activities substantially different from Borrower's present business;
- (b) liquidate or dissolve Borrower's business;
- (c) lease (other than pursuant to residential leases to tenants of the Project permitted pursuant to the Loan Documents) or dispose of all or a substantial part of Borrower's business or Borrower's assets;
- (d) enter into any consolidation, merger, pool, joint venture, syndicate or other combination, except as otherwise permitted by Section 5.12 of the Deed of Trust or by this Loan Agreement.

11.54 DERIVATIVE DOCUMENTS. If Borrower purchases from Bondowner Representative any swap, derivative, foreign exchange or hedge transaction or arrangement (or other similar transaction or arrangement howsoever described or defined) in connection with the Loan, Borrower shall, upon receipt from Bondowner Representative, execute promptly all documents evidencing such transaction, including without limitation, the ISDA Master Agreement, the Schedule to the ISDA Master Agreement and the ISDA Confirmation.

11.55 NOTICES FROM TCAC. Borrower shall immediately deliver to Bondowner Representative a full copy of any notices or reports Borrower receives from TCAC and any notices or reports Borrower provided to TCAC in connection with the LIHTC.

ARTICLE 12. REPORTING COVENANTS

12.1 FINANCIAL INFORMATION. Borrower shall keep true and correct financial books and records for the Property, using generally accepted accounting principles consistently applied, unless otherwise noted. Within one hundred twenty (120) days after the end of each of Borrower's fiscal years, Borrower shall deliver to Bondowner Representative an audited balance sheet and income statement for Borrower, Guarantor and General Partner, together with a statement showing all changes in Borrower's, Guarantor's and General Partner's financial condition together with an annual certification by Borrower of compliance with all applicable provisions of the Regulatory Agreement and Section 42 of the Code. Borrower shall also promptly deliver to Bondowner Representative, upon Bondowner Representative's request, its monthly and/or quarterly balance sheets and income statements. If Bondowner Representative so requests, at Bondowner Representative's reasonable discretion, Borrower shall promptly provide quarterly balance sheets and income statements for General Partner or Guarantor. In addition, if Bondowner Representative so requests as shall be necessary for Bondowner Representative to comply with current federal law, at Bondowner Representative's reasonable discretion, Borrower shall also promptly provide annual balance sheets and income statements for the Borrower's limited partner. Borrower shall promptly provide Bondowner Representative with any additional financial information that Borrower may obtain, or Bondowner Representative may reasonably request, on itself, Guarantor or General Partner, including but not limited to, signed copies of any tax returns and such other information concerning the Borrower's, Guarantor's or

General Partner's affairs and properties as Bondowner Representative may reasonably request. Notwithstanding the foregoing, the provisions regarding Guarantor hereunder shall be applicable only prior to the Conversion Date.

12.2 BOOKS AND RECORDS. Borrower shall maintain complete books of account and other records for the Property and Improvements and for disbursement and use of the proceeds of the Loan and Borrower's Funds, and the same shall be available for inspection and copying by Bondowner Representative upon reasonable prior notice.

12.3 REPORTS. Within ten (10) days of Bondowner Representative's request, Borrower shall deliver to Bondowner Representative monthly inventory reports, marketing and sales schedules and reports, marketing and sales information and/or leasing information, with respect to all real property projects of Borrower and all general partners, venturers and members of Borrower, all in form and substance acceptable to Bondowner Representative.

12.4 LEASING REPORTS. Borrower shall deliver to Bondowner Representative monthly rent rolls, leasing schedules and reports, operating statements and/or such other leasing information as Bondowner Representative shall request with respect to the Property and Improvements, each in form and substance satisfactory to Bondowner Representative and certified by an authorized officer of Borrower to be true and correct. In addition, Borrower shall promptly obtain and deliver to Bondowner Representative such estoppel certificates and subordination and attornment agreements executed by such tenants in such forms as Bondowner Representative may from time to time require.

12.5 OPERATING STATEMENTS FOR PROPERTY AND IMPROVEMENTS. Beginning with the first calendar month following the date of completion of rehabilitation of the Project and continuing until the Conversion Date, Borrower shall deliver to Bondowner Representative on the thirtieth (30th) day of each month an "Operating Statement" which shows in detail the amounts and sources of Gross Operating Income received by or on behalf of Borrower and the amounts and purposes of Permitted Operating Expenses paid by or on behalf of Borrower with respect to the Property and Improvements for the previous month.

"Gross Operating Income" for this purpose shall mean the sum of any and all amounts, payments, fees, rentals, additional rentals, expense reimbursements (including, without limitation, all reimbursements by tenants, lessees, licensees and other users of the Property and Improvements) discounts or credits to Borrower, income, interest and other monies directly or indirectly received by or on behalf of or credited to Borrower from any person with respect to Borrower's ownership, use, development, operation, leasing, franchising, marketing or licensing of the Property and Improvements. Gross Operating Income shall be computed on a cash basis and shall include for each quarterly statement all amounts actually received in such quarter whether or not such amounts are attributable to a charge arising in such quarter.

"Permitted Operating Expenses" shall mean the following expenses to the extent that such expenses are reasonable in amount and customary for properties of this type: (i) taxes and assessments imposed upon the Property and Improvements to the extent that such taxes and assessments are required to be paid by Borrower and are actually paid or reserved for by Borrower; (ii) bond assessments; (iii) insurance premiums for casualty insurance (including, without limitation, earthquake) and liability insurance carried in connection with the Property and Improvements, provided, however, if any, insurance is maintained as part of a blanket policy covering the Property and Improvements and other properties, the insurance premium included in this subparagraph shall be the premium fairly allocable to the Property and Improvements; (iv) operating expenses incurred by Borrower for the management, operation, cleaning, leasing, maintenance and repair of the Property and Improvements. Permitted Operating Expenses shall not include any interest or principal payments on the Loan or any allowance for depreciation.

12.6 ADDITIONAL FINANCIAL INFORMATION. Borrower shall promptly provide Bondowner Representative with any additional financial information that Borrower may obtain, or Bondowner Representative may reasonably request, regarding Borrower and/or the General Partner, including but not limited to, signed copies of any tax returns and such other information concerning the Borrower's or the General Partner's affairs and properties as Bondowner Representative may reasonably request. If Borrower or any General Partner thereof fails to

discharge, satisfaction or provision for payment being made by Borrower in a manner satisfactory to Bondowner Representative; or (ii) the condemnation, seizure or appropriation of, or occurrence of an uninsured casualty with respect to any material portion of the Property or Improvements; or (iii) the sequestration or attachment of, or any levy or execution upon any of the Property or Improvements, any other collateral provided by Borrower under any of the Loan Documents, any monies in the Account or in the Borrower's Funds Account, or any substantial portion of the other assets of Borrower, which sequestration, attachment, levy or execution is not released, expunged or dismissed prior to the earlier of thirty (30) days or the sale of the assets affected thereby; or

(e) Representations and Warranties. (i) The failure of any representation or warranty of Borrower, any of its members or any of the General Partners, or any of its officers, employees or agents on behalf of Borrower in any of the Loan Documents and the continuation of such failure for more than thirty (30) days after written notice to Borrower from Bondowner Representative requesting that Borrower cure such failure; or (ii) any material adverse change in the financial condition of Borrower, any of its members, any of the Guarantors (prior to Conversion), or any Indemnitor from the financial condition represented to Bondowner Representative as of the later of: (A) the Effective Date; or (B) the date upon which the financial condition of such party was first represented to Bondowner Representative; or

(f) Voluntary Bankruptcy; Insolvency. (i) The filing of a petition by Borrower for relief under the Bankruptcy Code, or under any other present or future state or federal law regarding bankruptcy, reorganization or other debtor relief law; (ii) the filing of any pleading or an answer by Borrower in any involuntary proceeding under the Bankruptcy Code or other debtor relief law which admits the jurisdiction of the court or the petition's material allegations regarding Borrower's insolvency; (iii) a general assignment by Borrower for the benefit of creditors; or (iv) Borrower applying for, or the appointment of, a receiver, trustee, custodian or liquidator of Borrower or any of its property; or

(g) Involuntary Bankruptcy. The failure of Borrower to effect a full dismissal of any involuntary petition under the Bankruptcy Code or under any other debtor relief law that is filed against Borrower or in any way restrains or limits Borrower or Bondowner Representative regarding the Loan, the Property or the Improvements, prior to the earlier of the entry of any court order granting relief sought in such involuntary petition, or ninety (90) days after the date of filing of such involuntary petition; or

(h) Partners; Guarantor. Prior to Conversion, the occurrence of any of the events specified in Section 13.1(f) or 13.1(g) as to any person or entity other than Borrower, including, without limitation, any Guarantor, Indemnitor, which is in any manner obligated to Bondowner Representative under the Loan Documents; or

(i) Other Bankruptcy. The occurrence of any of the events specified in Sections 13.1(f) or 13.1(g) of this Loan Agreement with respect to Contractor (unless Contractor is replaced by a contractor reasonably satisfactory to Bondowner Representative within ninety (90) days of such occurrence, except that such period shall be limited to thirty (30) days if such proceedings have a materially adverse impact upon the progress of rehabilitation of the improvements or the availability of the LIHTC; or

(j) Dissolution. The dissolution of Borrower, any Guarantor (prior to Conversion) or any Indemnitor; or

(k) Change In Management or Control. Except as otherwise permitted under the Loan Documents, the occurrence of any material management or organizational change in Borrower or in the partners of Borrower, including, without limitation, any partnership dispute, if such dispute is not resolved within ten (10) days after receipt of written notice from Bondowner Representative, which Bondowner Representative determines, in its sole and absolute discretion, shall have a material adverse effect on the Loan, on the Property and Improvements, or on the ability of Borrower or its partners to perform their obligations under the Loan Documents; or

(l) Loss of Priority. With the exception of the Regulatory Agreement and other Permitted Prior Encumbrances, the failure at any time of the Deed of Trust to be a valid first lien upon the Property and Improvements or any portion thereof, other than as a result of any release or reconveyance of the Deed of Trust with respect to all or any portion of the Property and Improvements pursuant to the terms and conditions of this Loan Agreement; or

(m) Hazardous Materials. Except as disclosed in the Environmental Reports, the discovery of any significant Hazardous Materials in, on or about the Property or Improvements subsequent to the Effective Date. Any such Hazardous Materials shall be "significant" for this purpose if said Hazardous Materials, in Bondowner Representative's sole discretion, have a materially adverse impact on the value of the Property and Improvements; or

(n) Investor Limited Partner Financing. The failure to comply with Sections 8.2(t), 11.4 and 12.7 of this Loan Agreement or, prior to Conversion, the occurrence of a material breach or default under the Partnership Documents, or failure to satisfy any of the material terms, covenants or conditions of or under the Partnership Documents, which has the effect of causing or excusing the failure of partners in Borrower to make capital contributions in the amounts and at the times required under Section 8.2(t), as subject to adjustment under the Partnership Agreement, and such failure continues for more than thirty (30) days after notice of such failure from Bondowner Representative to Borrower; provided, however, that Bondowner Representative may accept in its sole discretion a new Investor Limited Partner identified by Borrower. Bondowner Representative's acceptance of a substitute Investor Limited Partner shall be subject to Bondowner Representative's receipt of evidence satisfactory to Bondowner Representative in its sole discretion of the terms and conditions of the proposed investment, financial condition of the substitute Investor Limited Partner, and other information required by Bondowner Representative; or

(o) Withdrawal of General Partner. Except as otherwise expressly permitted under the terms of this Loan Agreement, the withdrawal of a General Partner as a general partner of Borrower, and Borrower's failure to provide a substitute or replacement acceptable to Bondowner Representative and Investor Limited Partner within thirty (30) days after the occurrence of any such withdrawal; or

(p) Tax Certificate. Failure by Borrower or Issuer to perform their obligations under the Tax Certificate, or failure of any of the representations or warranties contained in the Tax Certificate to be and remain true and correct at any time; or

(q) Tax Credits. Failure to remain in compliance with TCAC requirements or to promptly reapply for the LIHTCs upon Bondowner Representative's request, or the expiration of the LIHTCs; or

(r) Investor Limited Partner Bankruptcy. Prior to the funding of the Capital Contributions in an amount sufficient to comply with Section 8.2(t) of this Loan Agreement, the occurrence of any of the events specified in Sections 13.1(f) or 13.1(g) of this Loan Agreement with respect to the Investor Limited Partner; or

(s) Adverse Financial Condition - Other Than Borrower. Any material adverse change in the financial condition of any Guarantor prior to Conversion or Indemnitors from the condition shown on the financial statement(s) submitted to Bondowner Representative and relied upon by Bondowner Representative in making the Loan, the materiality and adverse effect of such change in financial condition to be reasonably determined by Bondowner Representative in accordance with its credit standards and underwriting practices in effect at the time of making such determination; or

(t) Conversion. Failure of Conversion to occur and CCRC to purchase the Bonds on or before the Mandatory Conversion Date; or, as it may be extended subject to satisfaction of all conditions precedent as provided in Section 3.6 hereof; or

(u) Swap Contract. The occurrence of a default by Borrower or a termination event with respect to Borrower under any swap, derivative, foreign exchange or hedge transaction or arrangement (or similar transaction or arrangement howsoever described or defined) at any time entered into between Borrower and Bondowner Representative in connection with the Loan; or

(v) Transfer of Assets. The sale, assignment, pledge, hypothecation, mortgage or transfer of all or a substantial portion of assets of Borrower (except as contemplated under the Purchase Option Agreement), any of the Guarantor (until Conversion) or any Indemnitor, other than in the ordinary course of business of said entity or as otherwise permitted under the Loan Documents; or Borrower ceases its operations or sells or otherwise disposes of all or substantially all of the Property (except as otherwise permitted under the Loan Documents) or a governmental authority condemns or expropriates, or an order is issued by a governmental authority for the condemnation or expropriation of all or substantially all of the Property; or

(w) Unsecured Indemnity Agreement. The occurrence of a default and the expiration of any applicable cure periods under that certain Hazardous Materials Indemnity Agreement (Unsecured - Borrower) or that certain Hazardous Materials Indemnity Agreement (Unsecured - Guarantor) executed by an Indemnitor, in favor of Bondowner Representative, and dated of even date herewith, including, without limitation, Indemnitor's failure to perform any covenant, condition or obligation thereunder; or

(x) Attachment or Levy. All or any of Borrower's or the General Partner's assets in excess of Fifty Thousand Dollars (\$50,000.00) in aggregate value are attached, seized, subjected to a writ or distress warrant, or are levied upon, or come into the possession of any judicial officer or assignee for the benefit of creditors unless, with respect to any such assets, such attachment, seizure, writ, warrant or levy shall be dismissed, released or stayed within ten (10) days of issuance thereof; or

(y) Governmental Lien. A notice of lien, levy or assessment in excess of Fifty Thousand Dollars (\$50,000.00) in the aggregate, is filed of record with respect to any or all of Borrower's or the General Partner's assets by the United States Government, or any department, agency or instrumentality thereof, or by any other public authority, or if any taxes or debts owing at any time hereafter to any one or more of such entities in excess of Fifty Thousand Dollars (\$50,000.00) in the aggregate, becomes a lien, whether choate, inchoate or otherwise, upon any or all of Borrower's or the General Partner's assets, and the same is not paid or otherwise released within forty-five (45) days of the filing thereof; or

(z) Criminal Proceedings. Any criminal proceedings against Borrower or the General Partner shall have been instituted or Borrower or the General Partner shall be indicted for any crime, in either case for which a forfeiture of a material amount of the Property or any of its other property or assets is a potential penalty and such proceedings or indictment is not dismissed within sixty (60) days; or

(aa) Default Under Subordinate Loans and Other Agreements. The occurrence of any material default that remains uncured beyond any applicable notice and cure periods by Borrower or any other party under any material agreement entered into by Borrower in connection with the Project, including any Subordinate Loan; or

(bb) Bond Purchase Agreement. The occurrence of any material default that remains uncured beyond any applicable notice and cure periods under the Bond Purchase Agreement; or

(cc) Default Under Guaranty. The occurrence of a default under any guaranty now or hereafter executed in connection with the Loan, including without limitation, any guarantor's failure to perform any covenant, condition or obligation thereunder; or

(dd) Default Under Partnership Agreement. Any default by General Partner under the Partnership Agreement or under any agreement or instrument relating to or executed in connection with the Partnership Agreement that is not cured within the cure period set forth in such agreement or instrument.

13.2 ACCELERATION UPON DEFAULT; REMEDIES.

(a) Upon the occurrence of any Default specified in this Article 13, Bondowner Representative, as assignee of Issuer, may, at its sole option, declare all sums owing to Bondowner Representative under the Note, this Loan Agreement and the other Loan Documents immediately due and payable (in an amount equal to that necessary to pay in full the Bonds and the interest thereon, assuming acceleration of the Bonds under the Indenture and to pay all other indebtedness due under this Loan Agreement and the other Loan Documents). Upon such acceleration, Bondowner Representative may, in addition to all other remedies permitted under this Loan Agreement and the other Loan Documents and at law or equity, apply any sums in the Account and Borrower's Funds Account to the sums owing under the Loan Documents and any and all obligations of Bondowner Representative to consent to further disbursements under the Loan shall terminate.

(b) Whenever any Default shall have occurred and be continuing, any one or more of the following remedial steps may also be taken to the extent permitted by law:

(i) the Bondowner Representative, as assignee of the Issuer, may take whatever action at law or in equity as it determines to be appropriate to collect all sums then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement, covenant, representation or warranty of Borrower, under this Loan Agreement or any other Related Document, or to foreclose the real property and/or personal property security for such obligations, or to otherwise compensate the Issuer and the Bondowner Representative for any damages on account of such Default; and

(ii) the Issuer (without the prior written consent of the Bondowner Representative if the Bondowner Representative is not enforcing the Issuer's rights in a manner to protect the Issuer or is otherwise taking action that brings adverse consequences to the Issuer), may take whatever action at law or in equity may appear necessary or appropriate to enforce its rights to indemnification under Sections 9.6, 11.38, 11.41 and 15.1 and to collect all sums then due and thereafter to become due to the Issuer under Sections 3.4(b) and (c) and 3.5 of this Loan Agreement; provided that the Issuer will not take any action which would prejudice the rights of the Bondowner Representative.

(c) All of Bondowner Representative's and Issuer's rights and remedies are cumulative. If any Default occurs, Issuer's obligation to lend and Bondowner Representative's obligation to consent to disbursements of proceeds of the Loan under the Loan Documents shall automatically terminate, and Bondowner Representative in its sole discretion may withhold any one or more disbursements. Bondowner Representative may also withhold any one or more disbursements after an event occurs that, with notice or the passage of time, could become a Default. No disbursement of Loan funds by Bondowner Representative will cure any default of Borrower, unless Bondowner Representative agrees otherwise in writing in each instance.

(d) If Borrower becomes the subject of any Insolvency Proceeding, all of Borrower's obligations under the Loan Documents shall automatically become immediately due and payable upon the filing of the petition commencing such proceeding, all without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character. Upon the occurrence of any other Default, all of Borrower's obligations under the Loan Documents may become due and payable immediately without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor or other notices or demands of any kind or character, all at Bondowner Representative's option, exercisable in its sole discretion. If such acceleration occurs, Bondowner Representative may apply any undisbursed Loan funds and any sums in the Borrower's

Funds Account to Borrower's obligations under the Loan Documents, in any order and proportions in Bondowner Representative's sole discretion.

Also upon any Default that occurs during the course of rehabilitation of the Project, Bondowner Representative in its sole discretion may enter and take possession of the Property, whether in person, by agent or by court-appointed receiver, and take any and all actions that Bondowner Representative in its sole discretion may consider necessary to complete rehabilitation of the Project, including making changes in plans, specifications, work or materials and entering into, modifying or terminating any contractual arrangements, all subject to Bondowner Representative's right at any time to discontinue any work without liability. By choosing to complete the rehabilitation of the Project, Bondowner Representative does not assume any liability to Borrower or any other person for completing the Project or for the manner or quality of its construction, and Borrower expressly waives any such liability. If Bondowner Representative exercises any of the rights or remedies provided in this Section 13.2, that exercise will not make Bondowner Representative, or cause Bondowner Representative to be deemed, a partner or joint venturer of Borrower. Bondowner Representative in its sole discretion may choose to complete rehabilitation in its own name. All sums expended by Bondowner Representative in completing rehabilitation will be considered to have been disbursed to Borrower and will be secured by the Deed of Trust and any other collateral held by Bondowner Representative in connection with the Loan; any sums of principal will be considered to be an additional loan to Borrower bearing interest at the Default Rate, and be secured by the Deed of Trust and any other collateral held by Bondowner Representative in connection with the Loan. For these purposes Bondowner Representative, in its sole discretion, may reallocate any line item or cost category of the cost breakdown.

13.3 DISBURSEMENTS TO THIRD PARTIES. Upon the occurrence of a Default occasioned by Borrower's failure to pay money to a third party as required by this Loan Agreement, Bondowner Representative may but shall not be obligated to make such payment from the Loan proceeds, Borrower's Funds, or other funds of Bondowner Representative. If such payment is made from proceeds of the Loan or from Borrower's Funds, Borrower shall immediately deposit with Bondowner Representative, upon written demand, an amount equal to such payment. If such payment is made from funds of Bondowner Representative, Borrower shall immediately repay such funds upon written demand of Bondowner Representative. In either case, the Default with respect to which any such payment has been made by Bondowner Representative shall not be deemed cured until such deposit or repayment (as the case may be) has been made by Borrower to Bondowner Representative.

13.4 BONDOWNER REPRESENTATIVE'S COMPLETION OF REHABILITATION. Upon the occurrence of a Default, Bondowner Representative may, upon five (5) days prior written notice to Borrower, and with or without legal process, take possession of the Property and Improvements, remove Borrower and all agents, employees and contractors of Borrower from the Property and Improvements, complete the work of rehabilitation and market and sell or lease the Property and/or Improvements. For this purpose, Borrower irrevocably appoints Bondowner Representative as its attorney in fact, which agency is coupled with an interest. As attorney in-fact, Bondowner Representative may, in Borrower's name, take or omit to take any action Bondowner Representative may deem appropriate, including, without limitation, exercising Borrower's rights under the Loan Documents and all contracts concerning the Property and/or Improvements.

13.5 BONDOWNER REPRESENTATIVE'S CESSATION OF REHABILITATION. If Bondowner Representative determines at any time that the Improvements are not being rehabilitated in accordance with the Plans and Specifications and all governmental requirements, Bondowner Representative may immediately cause all rehabilitation work to cease on any of the Improvements affected by the condition of nonconformance. Borrower shall thereafter not allow any construction or rehabilitation work, other than corrective work, to be performed on any of the Improvements affected by the condition of nonconformance until such time as Bondowner Representative notifies Borrower in writing that the nonconforming condition has been corrected.

13.6 REPAYMENT OF FUNDS ADVANCED. Any funds expended by Bondowner Representative in the exercise of its rights or remedies under this Loan Agreement and the other Loan Documents shall be payable to Bondowner Representative upon demand, together with interest at the rate applicable to the principal balance of the Note from the date the funds were expended.

13.7 RIGHTS CUMULATIVE, NO WAIVER. All Bondowner Representative's rights and remedies provided in this Loan Agreement and the other Loan Documents, together with those granted by law or at equity, are cumulative and may be exercised by Bondowner Representative at any time. Bondowner Representative's exercise of any right or remedy shall not constitute a cure of any Default unless all sums then due and payable to Bondowner Representative under the Loan Documents are repaid and Borrower has cured all other Defaults. No waiver shall be implied from any failure of Bondowner Representative to take, or any delay by Bondowner Representative in taking, action concerning any Default or failure of condition under the Loan Documents, or from any previous waiver of any similar or unrelated Default or failure of condition. Any waiver or approval under any of the Loan Documents must be in writing and shall be limited to its specific terms.

13.8 EXERCISE OF THE ISSUER'S REMEDIES BY BONDOWNER REPRESENTATIVE. Whenever any default shall have happened and be subsisting the Bondowner Representative may, but except as otherwise provided in the Indenture shall not be obligated to, exercise any or all of the rights of the Issuer under this Article 13, with notice to the Issuer.

13.9 RIGHTS OF INVESTOR LIMITED PARTNER. Notwithstanding anything to the contrary herein, any cure of any Default made or tendered by the Investor Limited Partner shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower; provided, however, if in order to cure such default, the Investor Limited Partner reasonably believes that it must remove the general partner of Borrower pursuant to the Partnership Agreement and the Investor Limited Partner notifies Bondowner Representative of such removal, so long as the Investor Limited Partner is diligently attempting to remove the general partner, the Investor Limited Partner shall have until the date thirty (30) days after the effective date of the removal of the member, or such longer period as provided herein, to cure such Default or alleged Default.

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

13.11 EFFECT OF WAIVER. In the event any agreement contained in this Loan Agreement is breached by either party and thereafter such breach is waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

13.12 BONDOWNER REPRESENTATIVE MAY FILE PROOFS OF CLAIM. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to Borrower or the property of Borrower, the Bondowner Representative (with the prior consent of the Bondowner Representative), shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) To file and prove a claim and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Issuer and the Bondowner Representative (including any claim for the reasonable compensation, expenses, disbursements and advances of the Issuer and Bondowner Representative, their agents and counsel) allowed in such judicial proceeding; and

(b) To collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same.

13.13 RESTORATION OF POSITIONS. If the Bondowner Representative has instituted any proceeding to enforce any right or remedy under this Loan Agreement, and such proceeding has been discontinued

or abandoned for any reason, or has been determined adversely to the Bondowner Representative, then and in every such case Borrower, the Bondowner Representative shall, subject to any determination in the proceeding, be restored to the positions they held prior to commencement of such proceedings, and thereafter all rights and remedies of the Issuer and the Bondowner Representative shall continue as though no such proceeding had been instituted.

13.14 SUITS TO PROTECT THE PROJECT. If Borrower shall fail to do so after 30 days prior written notice from the Bondowner Representative, the Bondowner Representative shall have power to institute and to maintain such proceedings as either of them may deem expedient to prevent any impairment of the Project or any portion thereof, by any acts which may be unlawful or in violation of this Loan Agreement, and such suits and proceedings as the Bondowner Representative may deem expedient to protect its interests in the Project or any portion thereof, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of, or compliance with, such enactment, rule or order would impair or adversely affect the Project or be prejudicial to the interests of the Bondowner Representative.

ARTICLE 14. TERMINATION

14.1 TERMINATION OF LOAN AGREEMENT; REQUIRED PREPAYMENT.

(a) Except during the continuance of a Default, Borrower shall have the option of terminating this Loan Agreement if (i) the Bonds have been paid in full or if provision is otherwise made for payment of the Bonds in such manner that the Indenture will be discharged on or before the date of termination, (ii) such prepayment and termination is allowed by the Note and the Deed of Trust, (iii) Borrower provides the Bondowner Representative and the Issuer with an opinion of Bond Counsel to the effect that all such conditions for discharge of the Indenture have been satisfied; and provided that this Loan Agreement may not be terminated unless and until (x) all of Borrower's obligations under the Loan Documents have been satisfied and (y) all of Borrower's obligations with respect to the Issuer's fees and any rebate obligation have been satisfied and Borrower has so certified to the Issuer and the Bondowner Representative. All obligations of Borrower under Sections 3.3(a), 3.3(g)(i), 3.3(g)(iii), 3.3(h)(iv), 3.4, 3.16, 9.5, 11.38, 11.39, 11.41, 11.44(c) and 15.1 shall survive termination of this Loan Agreement. Notwithstanding the foregoing, Borrower may not terminate this Loan Agreement unless and until the Bondowner Representative has received an amount equal to the Bondowner Representative's and Issuer's fees and expenses under the Indenture and any other amounts due under Sections 3.3(a), 3.3(g)(i), 3.3(g)(iii), 3.3(h)(iv), 3.4, 3.16, 9.5, 11.38, 11.39, 11.41, 11.44(c) and 15.1 hereof, accrued and to accrue until the Bonds are fully paid and redeemed and all other advances, fees, costs and expenses reasonably incurred and to be incurred on or before the termination date by the Bondowner Representative under the Indenture and by the Issuer and the Bondowner Representative under this Loan Agreement and/or the other Loan Documents.

(b) On the termination date, a closing shall be held at any office mutually agreed upon among the Issuer, Borrower and the Bondowner Representative (which closing may be conducted by first-class mail or recognized overnight delivery service). At the closing the Issuer and the Bondowner Representative shall, upon acknowledgment of receipt of the sum required to be paid pursuant to Section 14.1(a), execute and deliver to Borrower such release and other instruments as Borrower reasonably determines is necessary to terminate this Loan Agreement. All further obligations of Borrower hereunder (except as specifically provided in Sections Sections 3.3(a), 3.3(g)(i), 3.3(g)(iii), 3.3(h)(iv), 3.4, 3.16, 9.5, 11.38, 11.39, 11.41, 11.44(c) and 15.1) shall thereupon terminate, provided, however, that Borrower shall also remain obligated to pay or reimburse the Issuer and the Bondowner Representative for the payment of all other fees, costs and expenses unaccounted for in the sum paid in accordance with Section 14.1(a) above and reasonably incurred before or subsequent to such closing in connection with the Bonds.

ARTICLE 15. MISCELLANEOUS PROVISIONS

15.1 INDEMNITY. BORROWER HEREBY AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS ISSUER AND BONDOWNER REPRESENTATIVE, THEIR GOVERNING BODIES, DIRECTORS, OFFICERS, OFFICIALS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS FROM AND AGAINST ANY AND ALL LOSSES, DAMAGES, LIABILITIES, CLAIMS, ACTIONS, JUDGMENTS, COURT COSTS AND LEGAL OR OTHER EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES AND EXPENSES), EXCEPT ARISING AS A RESULT OF BONDOWNER REPRESENTATIVE'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, WHICH ISSUER OR BONDOWNER REPRESENTATIVE MAY INCUR AS A DIRECT OR INDIRECT CONSEQUENCE OF: (A) THE PURPOSE TO WHICH BORROWER APPLIES THE PROCEEDS OF THE BONDS; (B) THE FAILURE OF BORROWER TO PERFORM ANY OBLIGATIONS AS AND WHEN REQUIRED BY THIS LOAN AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS; (C) ANY FAILURE AT ANY TIME OF ANY OF BORROWER'S REPRESENTATIONS OR WARRANTIES TO BE TRUE AND CORRECT; OR (D) ANY ACT OR OMISSION BY BORROWER, CONSTITUENT PARTNER OF BORROWER, ANY CONTRACTOR, SUBCONTRACTOR OR MATERIAL SUPPLIER, ENGINEER, ARCHITECT OR OTHER PERSON OR ENTITY WITH RESPECT TO ANY OF THE PROPERTY OR IMPROVEMENTS, PROVIDED, HOWEVER THAT BORROWER WILL NOT BE REQUIRED TO INDEMNIFY BONDOWNER REPRESENTATIVE FOR LIABILITIES ARISING DUE TO BONDOWNER REPRESENTATIVE'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. BORROWER SHALL IMMEDIATELY PAY TO ISSUER AND BONDOWNER REPRESENTATIVE UPON DEMAND ANY AMOUNTS OWING UNDER THIS INDEMNITY, TOGETHER WITH INTEREST FROM THE DATE THE INDEBTEDNESS ARISES UNTIL PAID AT THE RATE OF INTEREST APPLICABLE TO THE PRINCIPAL BALANCE OF THE NOTE. BORROWER'S DUTY AND OBLIGATIONS TO DEFEND, INDEMNIFY AND HOLD HARMLESS ISSUER AND BONDOWNER REPRESENTATIVE SHALL SURVIVE CANCELLATION OF THE NOTE AND THE RELEASE, RECONVEYANCE OR PARTIAL RECONVEYANCE OF THE DEED OF TRUST.

15.2 FORM OF DOCUMENTS. The form and substance of all documents, instruments, and forms of evidence to be delivered to Bondowner Representative under the terms of this Loan Agreement and any of the other Loan Documents shall be subject to Bondowner Representative's approval and shall not be modified, superseded or terminated in any respect without Bondowner Representative's prior written approval.

15.3 NO THIRD PARTIES BENEFITED. No person other than Issuer, Bondowner Representative and Borrower and their permitted successors and assigns shall have any right of action under any of the Loan Documents, except as set forth in the Subordination Agreement.

15.4 NOTICES. All notices, demands, or other communications under this Loan Agreement and the other Loan Documents shall be in writing and shall be delivered to the appropriate party at the address set forth on the signature page of this Loan Agreement and, as applicable, to Bondowner Representative at its Minneapolis Loan Center as specified in Exhibit D (subject to change from time to time by written notice to all other parties to this Loan Agreement). All communications shall be deemed served upon delivery of, or if mailed, upon the first to occur of receipt or the expiration of three (3) days after the deposit in the United States Postal Service mail, postage prepaid and addressed to the address of Borrower or Bondowner Representative at the address specified; provided, however, that non-receipt of any communication as the result of any change of address of which the sending party was not notified or as the result of a refusal to accept delivery shall be deemed receipt of such communication.

15.5 ATTORNEY-IN-FACT. Borrower hereby irrevocably appoints and authorizes Bondowner Representative, as Borrower's attorney in fact, which agency is coupled with an interest, to execute and/or record in Bondowner Representative's or Borrower's name any notices, instruments or documents that Bondowner Representative deems appropriate to protect Bondowner Representative's interest under any of the Loan Documents.

15.6 ACTIONS. Borrower agrees that Bondowner Representative, in exercising the rights, duties or liabilities of Bondowner Representative or Borrower under the Loan Documents, may commence, appear in or defend any action or proceeding purporting to affect the Property, the Improvements, or the Loan Documents and

Borrower shall immediately reimburse Bondowner Representative upon demand for all such expenses so incurred or paid by Bondowner Representative, including, without limitation, attorneys' fees and expenses and court costs.

15.7 RIGHT OF CONTEST. Notwithstanding anything to the contrary herein or in any of the other Loan Documents, Borrower may contest in good faith any claim, demand, levy or assessment (other than liens and stop notices) by any person other than Bondowner Representative which would constitute a Default if: (a) Borrower pursues the contest diligently, in a manner which Bondowner Representative determines is not prejudicial to Bondowner Representative, and does not impair the rights of Bondowner Representative under any of the Loan Documents; and (b) Borrower deposits with Bondowner Representative any funds or other forms of assurance which Bondowner Representative in good faith determines from time to time appropriate to protect Bondowner Representative from the consequences of the contest being unsuccessful. Borrower's compliance with this Section shall operate to prevent such claim, demand, levy or assessment from becoming a Default.

15.8 RELATIONSHIP OF PARTIES. The relationship of Borrower and Bondowner Representative under the Loan Documents is, and shall at all times remain, solely that of borrower and representative of the Bondowners, and Bondowner Representative neither undertakes nor assumes any responsibility or duty to Borrower or to any third party with respect to the Property or Improvements, except as expressly provided in this Loan Agreement and the other Loan Documents.

15.9 DELAY OUTSIDE BONDOWNER REPRESENTATIVE'S CONTROL. Bondowner Representative shall not be liable in any way to Borrower or any third party for Bondowner Representative's failure to perform or delay in performing under the Loan Documents (and Bondowner Representative may suspend or terminate all or any portion of Bondowner Representative's obligations under the Loan Documents) if such failure to perform or delay in performing results directly or indirectly from, or is based upon, the action or inaction of any governmental or local authority, or because of war, rebellion, insurrection, strike, lock out, boycott or blockade (whether presently in effect, announced or in the sole judgment of Bondowner Representative deemed probable), or from any Act of God or other cause or event beyond Bondowner Representative's control.

15.10 ATTORNEYS' FEES AND EXPENSES; ENFORCEMENT. If any attorney is engaged by Bondowner Representative to enforce or defend any provision of this Loan Agreement, any of the other Loan Documents or Other Related Documents, or as a consequence of any Default under the Loan Documents, with or without the filing of any legal action or proceeding, and including, without limitation, any fees and expenses incurred in any bankruptcy proceeding of the Borrower, then Borrower shall immediately pay to Bondowner Representative, upon demand, the amount of all attorneys' fees and expenses and all costs incurred by Bondowner Representative in connection therewith, together with interest thereon from the date of such demand until paid at the rate of interest applicable to the principal balance of the Note as specified therein.

15.11 IN-HOUSE COUNSEL FEES. Whenever Borrower is obligated to pay or reimburse Bondowner Representative for any attorneys' fees, those fees shall include the allocated costs for services of in-house counsel or loan administrators.

15.12 IMMEDIATELY AVAILABLE FUNDS. Unless otherwise expressly provided for in this Loan Agreement, all amounts payable by Borrower to Bondowner Representative shall be payable only in United States currency, immediately available funds.

15.13 BONDOWNER REPRESENTATIVE'S CONSENT. Wherever in this Loan Agreement there is a requirement for Bondowner Representative's consent and/or a document to be provided or an action taken "to the satisfaction of Bondowner Representative" or the equivalent, it is understood by such phrase that, unless otherwise stated, Bondowner Representative shall exercise its consent, right or judgment in a reasonable manner given the specific facts and circumstance applicable at the time.

15.14 BOND SALES AND PARTICIPATIONS; DISCLOSURE OF INFORMATION. Borrower acknowledges that Bondowner Representative may elect, at any time, subject to the requirements of the Indenture, to sell, assign or grant participations in all or any portion of its rights and obligations under the Bonds, and that any

such sale, assignment or participation may be to one or more financial institutions, private investors, and/or other entities, at Bondowner Representative's sole discretion ("**Participant**"). Borrower further agrees that Bondowner Representative may disseminate to any such actual or potential purchaser(s), assignee(s) or participant(s) all documents and information (including, without limitation, all financial information) which has been or is hereafter provided to or known to Bondowner Representative with respect to: (a) the Property and Improvements and its operation; (b) any party connected with the Loan (including, without limitation, the Borrower, any partner of Borrower, any constituent partner or member of Borrower, any Guarantor, any Indemnitor and any Non-Borrower Trustor); and/or (c) any lending relationship other than the Loan which Bondowner Representative may have with any party connected with the Loan. In the event of any such sale, assignment or participation, Bondowner Representative and the parties to such transaction shall share in the rights and obligations of Bondowner Representative as set forth in the Loan Documents only as and to the extent they agree among themselves. In connection with any such sale, assignment or participation, Borrower further agrees that the Loan Documents shall be sufficient evidence of the obligations of Borrower to each purchaser, assignee, or participant, and upon written request by Bondowner Representative, Borrower shall enter into such amendments or modifications to the Loan Documents as may be reasonably required in order to evidence any such sale, assignment or participation. The indemnity obligations of Borrower under the Loan Documents shall also apply with respect to any purchaser, assignee or participant.

15.15 FANNIE MAE REQUIREMENTS. Borrower agrees to execute such additional documents (which documents shall be considered "Loan Documents") as Bondowner Representative may reasonably request to facilitate the sale of the Bonds at any time to, or a credit enhancement facility with, Fannie Mae or another purchaser of loans or credit enhancement provider in the secondary market which generally follows Fannie Mae standards. If, prior to the Conversion Date, there are any modifications in or additions to any of the requirements imposed or standards used by Fannie Mae in connection with loans purchased by it or by others purchasing loans on the secondary market, or in connection with credit enhancement facilities provided by it or other credit enhancement providers on the secondary market, and generally following Fannie Mae standards, then effective as of the Conversion Date, at Bondowner Representative's request, Borrower shall execute amendments to the Loan Documents, or shall execute additional Loan Documents, to conform with such modifications or additions. Despite anything in the foregoing to the contrary, none of the amendments or additional documents requested hereunder shall materially change the terms of the Loan Documents or increase the financial obligations of Borrower.

15.16 SIGNS. Bondowner Representative may place on the Property reasonable signs standard to construction loan transactions stating that construction financing is being provided by Bondowner Representative.

15.17 BONDOWNER REPRESENTATIVE'S AGENTS. Bondowner Representative may designate an agent or independent contractor to exercise any of Bondowner Representative's rights under this Loan Agreement and any of the other Loan Documents. Any reference to Bondowner Representative in any of the Loan Documents shall include Bondowner Representative's agents, employees or independent contractors. Borrower shall pay the costs of such agent or independent contractor either directly to such person or to Bondowner Representative in reimbursement of such costs, as applicable.

15.18 TAX SERVICE. Bondowner Representative is authorized to secure, at Borrower's expense, a tax service contract with a third party vendor which shall provide tax information on the Property and Improvements satisfactory to Bondowner Representative.

15.19 WAIVER OF RIGHT TO TRIAL BY JURY. TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND BONDOWNER REPRESENTATIVE EACH EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING UNDER THE LOAN DOCUMENTS, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THE LOAN DOCUMENTS (AS NOW OR HEREAFTER MODIFIED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM,

DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; AND THE BONDOWNER REPRESENTATIVE AND THE BORROWER EACH HEREBY AGREES AND CONSENTS THAT ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF BONDOWNER REPRESENTATIVE AND BORROWER TO THE WAIVER OF ANY RIGHT THEY MIGHT OTHERWISE HAVE TO TRIAL BY JURY.

15.20 SEVERABILITY. If any provision or obligation under this Loan Agreement and the other Loan Documents shall be determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, that provision shall be deemed severed from the Loan Documents and the validity, legality and enforceability of the remaining provisions or obligations shall remain in full force as though the invalid, illegal, or unenforceable provision had never been a part of the Loan Documents, provided, however, that if the rate of interest or any other amount payable under the Note or this Loan Agreement or any other Loan Document, or the right of collectibility therefor, are declared to be or become invalid, illegal or unenforceable, Bondowner Representative's obligations to make advances under the Loan Documents shall not be enforceable by Borrower.

15.21 HEIRS, SUCCESSORS AND ASSIGNS. Except as otherwise expressly provided under the terms and conditions of this Loan Agreement, the terms of the Loan Documents shall bind and inure to the benefit of the heirs, successors and assigns of the parties.

15.22 TIME. Time is of the essence of each and every term of this Loan Agreement.

15.23 HEADINGS. All Article, Section or other headings appearing in this Loan Agreement and any of the other Loan Documents are for convenience of reference only and shall be disregarded in construing this Loan Agreement and any of the other Loan Documents.

15.24 GOVERNING LAW. This Loan Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of California, except to the extent preempted by federal laws. Borrower and all persons and entities in any manner obligated to Bondowner Representative under the Loan Documents consent to the jurisdiction of any federal or state court within the State of California having proper venue and also consent to service of process by any means authorized by California or federal law.

15.25 INTEGRATION; INTERPRETATION. The Loan Documents and the Bond Documents contain or expressly incorporate by reference the entire agreement of the parties with respect to the matters contemplated therein and supersede all prior negotiations or agreements, written or oral. The Loan Documents shall not be modified except by written instrument executed by all parties. Any reference to the Loan Documents includes any amendments, renewals or extensions now or hereafter approved by Bondowner Representative in writing. Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The word "include(s)" means "include(s), without limitation", and the word "including" means "including, but not limited to". No listing of specific instances, items or matters in any way limits the scope or generality of any language of this Loan Agreement. The exhibits to this Loan Agreement are hereby incorporated in this Loan Agreement.

15.26 USA PATRIOT ACT NOTICE. COMPLIANCE. The USA Patriot Act of 2001 (Public Law 107-56) and federal regulations issued with respect thereto require all financial institutions to obtain, verify and record certain information that identifies individuals or business entities which open an "account" with such financial institution. Consequently, Bondowner Representative may from time-to-time request, and Borrower shall provide to Bondowner Representative, Borrower's name, address, tax identification number and/or such other identification information as shall be necessary for Bondowner Representative to comply with federal law. An "account" for this purpose may include, without limitation, a deposit account, cash management service, a transaction or asset account, a credit account, a loan or other extension of credit, and/or other financial services product.

15.27 JOINT AND SEVERAL LIABILITY. The liability of all persons and entities obligated in any manner under this Loan Agreement and any of the Loan Documents shall be joint and several.

15.28 COUNTERPARTS. To facilitate execution, this document may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature of, or on behalf of, each party, or that the signature of all persons required to bind any party, appear on each counterpart. All counterparts shall collectively constitute a single document. It shall not be necessary in making proof of this document to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each of the parties hereto. Any signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature pages.

15.29 NO WAIVER; CONSENTS. No alleged waiver by Bondowner Representative or Issuer will be effective unless in writing, and no waiver will be construed as a continuing waiver. No waiver may be implied from any delay or failure by Bondowner Representative or Issuer to take action on account of any default of Borrower or to exercise any right or remedy against Borrower or any security. Consent by Bondowner Representative or Issuer to any act or omission by Borrower may not be construed as a consent to any other or subsequent act or omission or as a waiver of the requirement for Bondowner Representative's consent to be obtained in any future or other instance. All of Bondowner Representative's rights and remedies are cumulative.

15.30 AMENDMENTS, CHANGES AND MODIFICATIONS. Except as otherwise provided in this Loan Agreement or in the Indenture, subsequent to the issuance of the Bonds and before the lien of the Indenture is satisfied and discharged in accordance with its terms, this Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of Bondowner Representative and Borrower (and the Issuer to the extent any proposed amendment, change or modification relates to any rights reserved by the Issuer under the Indenture).

15.31 LIMITATION ON ISSUER'S LIABILITY. The Issuer shall not be obligated to pay the principal (or redemption price) of or interest on the Bonds, except from Revenues and other moneys and assets received by the Bondowner Representative on behalf of the Issuer pursuant to this Loan Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Issuer or any member is pledged to the payment of the principal (or redemption price) or interest on the Bonds. The Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Loan Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under this Loan Agreement.

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

15.32 PURPOSE AND EFFECT OF BONDOWNER REPRESENTATIVE APPROVAL. Bondowner Representative's approval of any matter in connection with the Loan is for the sole purpose of protecting the security and rights of the Bondowner Representative. No such approval will result in a waiver of any default of Borrower. In no event may Bondowner Representative's approval be a representation of any kind with regard to the matter being approved.

15.33 NO COMMITMENT TO INCREASE LOAN. From time to time, Bondowner Representative may approve changes to the Plans and Specifications at Borrower's request and also require Borrower to make corrections to the work of rehabilitation, all on and subject to the terms and conditions of this Loan Agreement. Borrower acknowledges that no such action or other action by Bondowner Representative will in any manner commit or obligate the Issuer or Bondowner Representative to increase the amount of the Loan.

15.34 RELATIONSHIPS WITH OTHER BONDOWNER REPRESENTATIVE CUSTOMERS. From time to time, Bondowner Representative may have business relationships with Borrower's customers, suppliers, contractors, tenants, partners, shareholders, officers or directors, or with businesses offering products or services similar to those of Borrower, or with persons seeking to invest in, borrow from or lend to Borrower. Borrower agrees that Bondowner Representative may extend credit to such parties and take any action it deems necessary to collect the credit, regardless of the effect that such extension or collection of credit may have on Borrower's financial condition or operations. Borrower further agrees that in no event will Bondowner Representative be obligated to disclose to Borrower any information concerning any other Bondowner Representative customer.

15.35 DISCLOSURE TO TITLE COMPANY. Without notice to or the consent of Borrower, Bondowner Representative may disclose to any title insurance company insuring any interest of Bondowner Representative under the Deed of Trust (whether as primary insurer, coinsurer or reinsurer) any information, data or material in Bondowner Representative's possession relating to Borrower, the Loan, the Project or the Property.

15.36 RESTRICTION ON PERSONAL PROPERTY. Except for the replacement of personal property made in the ordinary course of Borrower's business with items of equal or greater value, Borrower may not sell, convey or otherwise transfer or dispose of its interest in any personal property in which Bondowner Representative has a security interest or contract to do any of the foregoing, without the prior written consent of Bondowner Representative in each instance.

15.37 LOAN COMMISSION. Bondowner Representative is not obligated to pay any brokerage commission or fee in connection with or arising out of the Loan. Borrower must pay any and all brokerage commissions or fees arising out of or in connection with the Loan.

15.38 COMPLIANCE WITH USURY LAWS. Notwithstanding any other provision of this Loan Agreement, it is agreed and understood that in no event shall this Loan Agreement, with respect to the Note or other instrument of indebtedness, be construed as requiring Borrower or any other person to pay interest and other costs or considerations that constitute interest under any applicable law which are contracted for, charged or received pursuant to this Loan Agreement in an amount in excess of the maximum amount of interest allowed under any applicable law. In the event of any acceleration of the payment of the principal amount of the Note or other evidence of indebtedness, that portion of any interest payment in excess of the maximum legal rate of interest, if any, provided for in this Loan Agreement or related documents shall be canceled automatically as of the date of such acceleration, or if theretofore paid, credited to the principal amount. The provisions of this Section prevail over any other provision of this Loan Agreement.

15.39 TERMINATED DOCUMENTS. The documents (the "Terminated Documents") listed on Exhibit E attached hereto are the Loan Documents or Other Related Documents that, upon satisfaction of the terms and conditions of the Conversion, shall be released and terminated on and as of the Conversion Date.

15.40 LIMITS ON PERSONAL LIABILITY.

(a) **Non-Recourse.** From and after the Conversion Date and CCRC's purchase of the Bonds, and except as otherwise provided in this Section 15.40, the Borrower and any partner of Borrower shall have no personal liability under this Loan Agreement and the Loan Documents for the repayment of amounts owing under this Loan Agreement and the Note or for the performance of any other obligations of the Borrower under this Loan Agreement, the Note, the Deed of Trust and the other Loan Documents (collectively, the "Obligations"), and the only recourse for the satisfaction and the performance of the

Obligations shall be the exercise of rights and remedies with respect to the Property and the Improvements and any other collateral which is security for the Obligations. This limitation on the Borrower's and any partner or member of Borrower's liability shall not limit or impair the enforcement of rights against any Indemnitor.

(b) Exceptions to Non-Recourse. The Borrower and any general partner of Borrower (each individually, or on a joint and several basis if more than one) shall be personally liable in the amount of any loss, damage or cost (including but not limited to reasonable attorneys' fees) resulting from one or more of the following: (i) fraud or written material misrepresentation by Borrower or its agents or employees, or Borrower's partner or its agents or employees, in connection with obtaining the loan evidenced by this Note, or in complying with any of Borrower's obligations under the Bond Documents and the Loan Documents; (ii) Borrower's failure to pay (beyond any applicable notice and cure periods) any and all insurance proceeds, condemnation awards, damage proceeds, security deposits received from tenants or other sums or payments received by or on behalf of Borrower in its capacity as owner of the Property and not applied in accordance with the provisions of the Deed of Trust and the Loan Documents (except to the extent that Borrower did not have the legal right because of a bankruptcy, receivership or similar judicial proceeding, to direct disbursement of such sums or payments); (iii) Borrower's failure to pay all Payments (as defined in the Deed of Trust) actually received by Borrower not applied to the payment of the reasonable operating expenses of the Project as set forth herein and then to the payment of principal and interest then due and owing under this Note and any other amounts arising or due and owing under the Bond Documents and the Loan Documents, including but not limited to deposits or reserves payable under any Loan Document (except to the extent that Borrower did not have the legal right, because of a bankruptcy, receivership or similar judicial proceeding, to direct the disbursement of such sums); (iv) Borrower's failure, following an event of default under any of the Bond Documents and/or the Loan Documents beyond any applicable notice or cure period to deliver to Bondowner Representative on demand all Payments (as defined in the Deed of Trust) (except to the extent that Borrower did not have the legal right because of a bankruptcy, receivership or similar judicial proceeding to direct the disbursement of such sums), books and records relating to the Project; (v) commission of material waste by Borrower (or any general partner, officer, director or agent of Borrower or any guarantor or owner of any collateral as described in the Deed of Trust or the Loan Documents); provided, however, that failure of Borrower to restore or repair the Project after damage or destruction to them shall not be material waste, notwithstanding the availability of insurance proceeds or condemnation awards in connection therewith; and (vi) the presence or release of any "Hazardous Materials" on, in or under the Project.

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

To the extent that the Borrower and/or any general partner of Borrower has personal liability under this Section 15.40, Bondowner Representative may exercise its rights against the Borrower and/or any general partner of Borrower personally without regard to whether Bondowner Representative has exercised any rights against the Property or any other security, or pursued any rights against any guarantor, or pursued any other rights available to Bondowner Representative under this Loan Agreement, the Note, the Deed of Trust, or applicable law. For purposes of this Section 15.40, the term "Subject Property" shall not include any funds that (a) have been applied by the Borrower as required or permitted by the Deed of Trust prior to the occurrence of a Default, or (b) the Borrower was unable to apply as required or permitted by the Deed of Trust because of a bankruptcy, receivership, or similar judicial proceeding.

15.41 REMOVAL OF GENERAL PARTNER. Notwithstanding anything to the contrary contained in the Loan Agreement, the replacement of any General Partner for cause in accordance with the Borrower's Partnership Agreement shall not constitute a default under any of the Loan Documents or accelerate the maturity of

the Loan; provided, however, such substitute General Partner must be reasonably satisfactory to and approved in writing by Bondowner Representative. Such acceptable substitute General Partner is to be selected no later than thirty (30) days and admitted no later than sixty (60) days after the date of the removal of the General Partner. Further, any removal and replacement of any General Partner not in accordance with the Partnership Agreement shall require the prior written consent of Bondowner Representative, which consent shall not be unreasonably withheld. Any substitute General Partner shall assume all of the rights and obligations of the removed General Partner under all of the Loan Documents, pursuant to an assumption agreement in the form provided by Bondowner Representative.

15.42 TRANSFER OF LIMITED PARTNER INTERESTS. The interests of the Investor Limited Partner shall be transferable to a Permitted Transferee and such transfer shall not constitute a Default under any of the Loan Documents.

15.43 PURCHASE OPTION/RIGHT OF FIRST REFUSAL. Notwithstanding anything to the contrary contained in the Loan Documents, the execution and delivery of a purchase option agreement between Borrower and the General Partner or an affiliate thereof shall not constitute a default under the Loan Documents or accelerate the maturity of the Loan thereunder, provided that (a) Bondowner Representative gives its prior written consent to the exercise of such purchase option or right of first refusal, (b) the purchase option or right of first refusal is subordinated to the Loan, and (c) upon the exercise of such purchase option or first refusal right by the optionee thereunder, the optionee assumes all of the obligations of Borrower with respect to the Loan, at which time Borrower may be released from its obligations with respect to the Loan.

15.44 EXTENDED USE AGREEMENT. Upon Conversion, Bondowner Representative acknowledges that Borrower and the State of California, acting through TCAC intend to enter into an extended use agreement, which constitutes the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended (the "Code"). As of the date hereof, Code Section 42(h)(6)(E)(ii) does not permit the eviction or termination of tenancy (other than for good cause) of an existing tenant of any low-income unit or any increase in the gross rent with respect to such unit not otherwise permitted under Code Section 42 for a period of three (3) years after the date the building is acquired by foreclosure or by instrument in lieu of foreclosure. In the event the extended use agreement required by the Credit Agency is recorded against the Property, Bondowner Representative agrees to comply with the provisions set forth in Code Section 42(h)(6)(E)(ii) or any successor statute.

15.45 AFFIRMATIVE ACTION. Borrower shall not discriminate in its employment practices against any employee or applicant for employment because of the applicant's race, creed, religion, national origin or ancestry, sex, age, sexual orientation or preference, marital status, color, physical disability, familial status and disability, mental conditions or medical conditions, including pregnancy, childbirth or related condition.

15.46 JUDICIAL REFERENCE.

(a) The parties hereto agree that any and all disputes, claims and controversies arising out of the Loan Documents or the transactions contemplated thereby (including, without limitation, actions arising in contract or tort and any claims by a party against Bondowner Representative and/or the Issuer related in any way to the Bonds or the transactions contemplated hereunder) (a "Dispute") that are brought before a forum in which the pre-dispute waivers of the right to trial by jury set forth in Section 15.19 above are invalid under applicable law shall be subject to the terms of this Section 15.46 in lieu of the jury trial waivers set forth in Section 15.19 or as otherwise provided in the Loan Documents.

(b) Any and all such Disputes shall be heard by a referee and resolved by judicial reference pursuant to California Code of Civil Procedure § 638 et seq. The parties shall use their respective commercially reasonable and good faith efforts to agree upon and select such referee, who shall be a retired California state or federal judge, provided, however, that the parties shall not appoint a referee that may be disqualified pursuant to California Code of Civil Procedure § 641 or § 641.2 without the prior written consent of all the parties. If the parties are unable to agree upon a referee within ten (10) calendar days

after a party serves written notice of intent for judicial reference upon the other party or parties, then the referee shall be selected by the court in accordance with California Code of Civil Procedure § 640(b). The referee shall render a written statement of decision and shall conduct the proceedings in accordance with the California Code of Civil Procedure, the Rules of Court and the California Evidence Code, except as otherwise specifically agreed by the parties and approved by the referee. The referee's statement of decision shall set forth findings of fact and conclusions of law. The referee's decision shall be entered as a judgment in the court in accordance with the provisions of California Code of Civil Procedure §§ 644-645. The decision of the referee shall be appealable to the same extent and in the same manner that such decision would be appealable if rendered by a judge of the superior court.

(c) If a Dispute includes multiple claims, some of which are found not subject to this Loan Agreement, the parties shall stay the proceedings of the Disputes or part or parts thereof not subject to this Loan Agreement until all other Disputes or parts thereof are resolved in accordance with this Loan Agreement. If there are Disputes by or against multiple parties, some of which are not subject to this Loan Agreement, the parties shall sever the Disputes subject to this Loan Agreement and resolve them in accordance with this Loan Agreement.

(d) Nothing in this Section 15.46 shall be deemed to apply to or limit the rights of Bondowner Representative and/or Issuer (i) to exercise self help remedies, including, without limitation, setoff, or (ii) to foreclose judicially or nonjudicially against any real or personal property collateral, or to exercise judicial or nonjudicial power of sale rights, or (iii) to obtain from a court provisional or ancillary remedies, including, without limitation, injunctive relief, writ(s) of possession, prejudgment attachment, protective order(s) or the appointment of a receiver, or (iv) to pursue rights against a party in a third-party proceeding in any action brought against Bondowner Representative and/or Issuer, including, without limitation, actions in bankruptcy court. Bondowner Representative and/or Issuer may exercise the foregoing rights before, during or after the pendency of any judicial reference proceeding. The failure to exercise any of the foregoing remedies shall not constitute a waiver of the right of any party, including, without limitation, the claimant in any such action, to require submission to judicial reference the merits of the Dispute giving rise to such remedies. No provision in the Loan Documents regarding submission to jurisdiction and/or venue in any court is intended or shall be construed to be in derogation of the provisions in this Section for judicial reference of any Dispute.

(e) During the pendency of any Dispute which is submitted to judicial reference in accordance with this Section, each of the parties to such Dispute shall bear equal share of the fees charged and costs incurred by the referee in performing the services described herein. The compensation of the referee shall not exceed the prevailing rate for like services. The prevailing party shall be entitled to reasonable court costs and legal fees, including customary attorneys' fees, expert witness fees, the fees of the referee and other reasonable costs and disbursements charged to the party by its counsel, in such amounts as determined by the referee.

(f) Each party hereto acknowledges and agrees that the provisions of this Section constitute a material inducement to enter into this Loan Agreement, the Loan Documents and to consummate the transactions contemplated thereunder, and that the parties will continue to be bound by and rely on such provisions in the course of their dealings with regard to any Dispute governed by the provisions of this Section. Each party hereto further warrants and represents that it has reviewed these provisions with legal counsel of its own choosing, or has had the opportunity to do so, and that it knowingly and voluntarily agrees to abide by the provisions of this Section having had the opportunity to consult with legal counsel.

(g) THIS SECTION CONSTITUTES A "REFERENCE AGREEMENT" BETWEEN OR AMONG THE PARTIES WITHIN THE MEANING OF AND FOR THE PURPOSES OF CALIFORNIA CODE OF CIVIL PROCEDURE § 638. IN THE EVENT OF LITIGATION, THIS LOAN AGREEMENT MAY BE FILED AS EVIDENCE OF EITHER OR ALL PARTIES' CONSENT AND AGREEMENT TO HAVE ANY AND ALL DISPUTES HEARD AND DETERMINED BY A REFEREE UNDER CALIFORNIA CODE OF CIVIL PROCEDURE § 638. THE PARTIES ACKNOWLEDGE THAT

JUDICIAL REFERENCE PROCEEDINGS CONDUCTED IN ACCORDANCE WITH THIS SECTION WOULD BE CONDUCTED BY A PRIVATE REFEREE ONLY, SITTING WITHOUT A JURY.

15.47 PHYSICAL NEEDS ASSESSMENT ITEMS. On or prior to the date that Investor Limited Partner funds the Construction Completion Installment, Borrower shall have completed to the satisfaction of Bondowner Representative the construction, rehabilitation, repair and/or replacement, as applicable, of each of the Critical and Short Term Physical Needs items (the "Physical Needs Assessment Items") set forth on Schedule 1 attached to the Disbursement Plan attached as Exhibit D hereto and incorporated herein by reference. In connection therewith, Borrower shall deliver to Bondowner Representative copies of all contracts executed in connection with the Physical Needs Assessment Items which such contracts shall be acceptable to Bondowner Representative in form and substance.

15.48 BROADBAND SERVICES AGREEMENT. Not more than one hundred twenty (120) days from the Closing Date, Borrower shall have caused the successor-in-interest to Heritage Cablevision of Delaware, Inc. ("Broadband Services Provider") to execute and deliver to Bondowner Representative a subordination and non-disturbance agreement, in form and substance acceptable to Bondowner Representative and CCRC, in order to subordinate Broadband Services Provider's rights and interests under that certain MDU Broadband Services Agreement, dated as of June 29, 2001, and that certain Memorandum of Easement - MDU Broadband Services Agreement, recorded in the Official Records on March 21, 2002 as Instrument No. 2002-0099416-00, and the easement, access and all other rights and interests set forth therein, to the lien of the Deed of Trust and the other Loan Documents.

[Signature Pages to Follow.]

IN WITNESS WHEREOF, Issuer, Borrower and Bondowner Representative have executed this Loan Agreement as of the date appearing on the first page of this Loan Agreement.

“ISSUER”

COUNTY OF CONTRA COSTA

By: 
Steven Goetz, Deputy Director of Redevelopment

Issuer's Address:

County of Contra Costa
Department of Conservation and Development
2530 Arnold Drive, Suite 190
Martinez, California 94553-1229
Attention: Deputy Director - Redevelopment

"BONDOWNER REPRESENTATIVE"

WELLS FARGO BANK, NATIONAL ASSOCIATION

By:



Jeff Bennett, Senior Vice President

Bondowner Representative's Address:

Wells Fargo Bank, National Association
Community Lending and Investment
45 Fremont Street, 9th Floor
MAC# A0194-090
San Francisco, California 94105
Tel. No.: (415) 396-7630
Fax No.: (415) 975-7343
Attention: Loan Administration Officer

with a copy to:

California Community Reinvestment Corporation
225 West Broadway, Suite 120
Glendale, California 91204
Attention: President

“BORROWER”

JOHN STREET HOUSING ASSOCIATES, L.P.,
a California limited partnership

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

By: Hercules Senior Housing, Inc.,
a California nonprofit public benefit
corporation, its manager

By: 
Susan M. Johnson, Vice President

Borrower's Address:

John Street Housing Associates, L.P.
345 Spear Street, Suite 700
San Francisco, California 94105
Tel. No.: (415) 989-1111
Fax No.: (415) 495-4898
Attention: President

with a copy to:

Wells Fargo Affordable Housing Community
Development Corporation
One Wachovia Center
301 South College Street
MAC D1053-170
Charlotte, North Carolina 28288
Attention: Director of Tax Credit Asset Management

EXHIBIT A - PROPERTY DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF PINOLE, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL ONE:

PARCEL A, PARCEL MAP MS 652-93 FILED OCTOBER 13, 1993, IN BOOK 163 OF PARCEL MAPS, PAGE 29 AND 30, CONTRA COSTA COUNTY RECORDS.

EXCEPTING THEREFROM THAT PORTION THEREOF DESCRIBED AS FOLLOWS:

BEGINNING AT AN ANGLE POINT IN THE EXTERIOR BOUNDARY LINE OF SAID PARCEL "A", SAID POINT BEING ALSO THE MOST EASTERLY CORNER OF LOT 19 IN BLOCK "H", AS SHOWN ON THE MAP OF ADDITION NO, 1 TO VILLA SITES, FILED OCTOBER 8, 1902 IN MAP BOOK B AT PAGE 38, CONTRA COSTA COUNTY RECORDS; THENCE ALONG SAID EXTERIOR BOUNDARY LINE OF PARCEL "A", NORTH 17°05'15" WEST 111.80 FEET TO A POINT ON THE SOUTHEASTERN LINE OF SAMUEL STREET AS SHOWN ON SAID PARCEL MAP (163 PM 29,30); THENCE SOUTH 46°44'23" EAST 42.49 FEET; THENCE SOUTH 1°24'19" EAST 77.77 FEET TO THE POINT OF BEGINNING.

PARCEL TWO:

LOT 40, TRACT NO. 2705, FILED MAY 3, 1960 IN BOOK 77 OF MAPS, PAGE 26, CONTRA COSTA COUNTY RECORDS.

PARCEL THREE:

AN EASEMENT FOR A PERMANENT NON-BUILDABLE AREA OVER A PORTION OF PARCEL "B", AS SHOWN ON THE PARCEL MAP OF SUBDIVISION MS 652-93, RECORDED OCTOBER 13, 1993, IN BOOK 163 OF PARCEL MAPS AT PAGE 29 AND 30, CONTRA COSTA COUNTY RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID PARCEL "B"; THENCE ALONG THE EAST LINES OF SAID PARCEL "B" THE FOLLOWING TWO (2) COURSES; NORTH 12° 23' 21" WEST, 360.47 FEET, AND NORTH 2° 54' 21" WEST, 126.49 FEET TO AN ANGLE POINT IN THE EAST LINE OF SAID PARCEL "B"; THENCE SOUTH 87° 05' 39" WEST, 40.00 FEET; THENCE SOUTH 2° 54' 21" EAST, 129.81 FEET; THENCE SOUTH 12° 23' 21" EAST, 388.59 FEET TO A POINT ON THE SOUTHEAST LINE OF SAID PARCEL "B"; THENCE ALONG SAID SOUTHEAST LINE, NORTH 45° 48' 36" EAST, 47.07 FEET TO THE POINT OF BEGINNING.

APN: 401-186-035 (Parcel One), 401-292-035 (Parcel Two)

EXHIBIT B - DOCUMENTS

Exhibit B to Loan Agreement among JOHN STREET HOUSING ASSOCIATES, L.P., a California limited partnership, as “Borrower”, COUNTY OF CONTRA COSTA, as “Issuer” and WELLS FARGO BANK, NATIONAL ASSOCIATION, and its successors and assigns, as “Bondowner Representative” dated as of October 1, 2011.

1. Loan Documents. The documents listed below, numbered 1.1 through 1.22, inclusive, and amendments, modifications and supplements thereto which have received the prior written consent of Bondowner Representative, together with any documents executed in the future that are approved by Bondowner Representative and that recite that they are “Loan Documents” for purposes of this Loan Agreement are collectively referred to herein as the Loan Documents.
 - 1.1 This Loan Agreement.
 - 1.2 Promissory Note, together with an Allonge executed by Issuer in favor of Bondowner Representative.
 - 1.3 The Construction and Permanent Deed of Trust with Absolute Assignment of Leases and Rents, Security Agreement and Fixture Filing of even date herewith executed by Borrower, as Trustor, to American Securities Company, a California corporation, as Trustee, for the benefit of Issuer, as Beneficiary, who has assigned its rights thereunder to the Bondowner Representative.
 - 1.4 Security Agreement of even date herewith executed by Borrower and General Partner as debtor in favor of Bondowner Representative.
 - 1.5 Uniform Commercial Code – National Financing Statements – form UCC 1 (Deed of Trust), dated of even date herewith showing Borrower as Debtor, and Bondowner Representative and Issuer as Secured Party (for filing in California).
 - 1.6 Uniform Commercial Code – National Financing Statements – form UCC 1 (Tax Credits), dated of even date herewith showing Borrower and General Partner as Debtor, and Bondowner Representative as Secured Party (for filing in California).
 - 1.7 Assignment of Construction Contracts of even date herewith executed by Borrower and Contractor in favor of Bondowner Representative.
 - 1.8 Assignment of Architectural Agreements and Plans and Specifications of even date herewith executed by Borrower and Architect in favor of Bondowner Representative.
 - 1.9 Assignment of Management Agreement of even date herewith executed by Borrower and Property Manager in favor of Bondowner Representative.
 - 1.10 Assignment of Engineering Agreements and Plans and Specifications of even date herewith executed by Borrower and Engineer in favor of Bondowner Representative.
 - 1.11 Replacement Reserve Agreement of even date herewith executed by Borrower and Bondowner Representative.
 - 1.12 Assignment of Deed of Trust and Loan Documents of even date herewith, executed by Issuer as Assignor in favor of Bondowner Representative as Assignee and consented to by Borrower.
 - 1.13 Transfer Authorizer Designation executed by Borrower.
 - 1.14 Agreement for Disbursement Prior to Recording and Amendment to Note of even date herewith executed by Borrower and Bondowner Representative.

Exhibit B to Loan Agreement

- 1.15 Copartnership, Joint Venture or Association Borrowing Certificate of even date herewith executed by General Partner.
 - 1.16 Limited Liability Company Certificate Authorizing Partnership Activity of even date herewith executed by the manager of General Partner.
 - 1.17 Corporate Resolution Authorizing Limited Liability Company Activity of even date herewith executed by the Secretary of the manager of General Partner.
 - 1.18 Subordination Agreement (Agency Loan) of even date herewith executed by Borrower, the Agency and Bondowner Representative.
 - 1.19 Subordination Agreement (County Loan) of even date herewith executed by Borrower, the County and Bondowner Representative.
 - 1.20 Subordination Agreement (BHVI Loan) of even date herewith executed by Borrower, BHVI and Bondowner Representative.
 - 1.21 Subordination Agreement (Seller Loan) of even date herewith executed by Borrower, BHVI and Bondowner Representative.
 - 1.22 Subordination Agreement (TCAC Regulatory Agreement) of even date herewith executed by Borrower, TCAC and Bondowner Representative.
2. Other Related Documents (Which Are Not Loan Documents):
- 2.1 Completion Guaranty of even date herewith executed by Developer in favor of Bondowner Representative.
 - 2.2 Repayment Guaranty of even date herewith executed by Developer in favor of Bondowner Representative.
 - 2.3 Hazardous Materials Indemnity Agreement (Unsecured - Borrower) dated of even date herewith executed by Borrower in favor of Bondowner Representative.
 - 2.4 Hazardous Materials Indemnity Agreement (Unsecured - Guarantor) dated of even date herewith executed by Developer in favor of Bondowner Representative.
 - 2.5 Opinion of Borrower's Legal Counsel dated as of the Effective Date, executed by Borrower's Legal Counsel on behalf of Borrower, Guarantor and Indemnitor, in favor of Bondowner Representative and its successors and assigns.
 - 2.6 Opinion of Bond Counsel.
 - 2.7 Bond Purchase Agreement of even date herewith executed by and among Bondowner Representative, CCRC and Borrower.
 - 2.8 Corporate Resolution Authorizing Execution of Guaranty and Indemnity and Endorsement and Hypothecation of Property executed by the secretary of Developer.

EXHIBIT C - FINANCIAL REQUIREMENT ANALYSIS

Exhibit C to Loan Agreement between JOHN STREET HOUSING ASSOCIATES, L.P., a California limited partnership, as "Borrower", COUNTY OF CONTRA COSTA, as "Issuer" and WELLS FARGO BANK, NATIONAL ASSOCIATION, and its successors and assigns, as "Bondowner Representative" dated as of October 1, 2011.

The Financial Requirement Analysis set forth herein represents an analysis of the total costs necessary in Borrower's estimation to perform Borrower's obligations under the Loan Documents. Column A, "Original Budget," sets forth Borrower's representation of the maximum costs for each Item specified in Column A. Column B, "Deferred Costs" sets forth Borrower's representation of costs that Borrower has paid or has caused to be paid from other sources of funds for each Item specified in Column B. Column C, "Net Construction Budget" sets forth the portion of the Loan and Borrower's Funds which has been allocated for each Item specified in Column C and will be disbursed pursuant to the terms, covenants, conditions and provisions of Exhibit D of this Loan Agreement and the Loan Documents. Unless specified otherwise, all reference to Columns or Items in this Loan Agreement refer to Columns or Items in this Exhibit C.

[See Attached.]

EXHIBIT #1 FINANCIAL REQUIREMENT ANALYSIS

Relationship: BRIDGE Housing Corporation		LOAN #: 1005254		
Borrower: John Street Housing, LP		LOAN AMOUNT: 4,300,000		
Project Name: Pinole Grove Senior Apartments		CONTRACTOR: RE West Builders, Inc.		
	(A) Total Costs	(B) GP Cont. & Land Loan	(C) Deferred Costs	(D) Disbursement Budget
1 Acquisition Cost (incl. Acq. Legal and Title)	4,965,700			\$4,965,700
2 TOTAL ACQ. COSTS	\$4,965,700	\$0	\$0	\$4,965,700
3 RE West General Contract - Primary Scope*	\$1,151,384			\$1,151,384
4 Solar Allowance	\$423,916			\$423,916
5 Landscape and Irrigation Allowance	\$342,000			\$342,000
6 Hard Cost Contingency	\$374,463			\$374,463
7 Additional Scope**	\$591,997			\$591,997
8 TOTAL HARD COSTS	\$2,883,760	\$0	\$0	\$2,883,760
9 Architecture and Engineering	\$159,889			\$159,889
10 Soils, Survey, Civil and Testing	\$50,000			\$50,000
11 Permits and Fees	\$20,000			\$20,000
12 Construction Period Interest	\$134,435			\$134,435
13 Insurance	\$10,000			\$10,000
14 Transfer taxes	\$1,988			\$1,988
15 Cost of Bond Issuance***	\$84,273			\$84,273
16 WFB Origination Fee	\$32,250			\$32,250
17 CCRC Origination Fee	\$14,000			\$14,000
18 WFB/CCRC Expenses	\$74,000			\$74,000
19 Soft Cost Contingency	\$14,301			\$14,301
20 Title & Recording	\$15,000			\$15,000
21 Legal - Construction	\$26,500			\$26,500
22 Legal - Organization	\$5,000			\$5,000
23 Legal - Syndication	\$35,000			\$35,000
24 TCAC Fees	\$32,657			\$32,657
25 Market Study	\$7,000			\$7,000
26 Syndication Consultant	\$40,000			\$40,000
27 Developer Fee @ Closing	\$100,000			\$100,000
28 Developer Fee @ 50% Completion	\$78,757			\$78,757
29 Developer Fee @ 100% Completion	\$76,757			\$76,757
30 Capitalized Replacement Reserve	\$70,000			\$70,000
31 Capitalized Operating Reserve	\$120,000			\$120,000
32 TOTAL SOFT COSTS	\$1,203,787	\$0	\$0	\$1,203,787
33 GRAND TOTAL	\$9,053,247	\$0	\$0	\$9,053,247

Disbursement Budget

Sources of Funds During Construction:

Wells Fargo Bank	\$ 4,300,000
Contra Costa County	\$ 1,100,000
City of Pinole RDA	\$ 900,000
LP Contribution	\$ 133,273
Seller Take-Back	\$ 2,619,974
Total	\$ 9,053,247

* Repair & Rehab Primary Scope:	
RE West Base Bid	624,293
Fiber Cement at AC Units	9,774
Replace Awnings	5,830
Stanchion Anchors	20,088
Corner to Corner Stucco Finish	7,500
Additional Window Replacement	40,107
Roof Replacement	219,049
Perimeter Fence Repair	16,228
Framing Decay Allowance	187,286
Permit & Inspection Fee	21,229
	<u>1,151,384</u>

** Additional Scope items shall include all items listed in the Critical and Short Term Physical Needs Table not being provided in the RE West Primary Scope Contract. Table is attached as part of Exhibit D

*** Cost of Bond Issuance	
Bond Counsel	35,000
Issuer Fee at Closing	5,375
Issuer Fee During Construction	11,748
CDLAC + CDIAC	2,150
Owner Legal	15,000
Owner Financial	15,000
	<u>84,273</u>

EXHIBIT D - DISBURSEMENT PLAN

Exhibit D to Loan Agreement between JOHN STREET HOUSING ASSOCIATES, L.P., a California limited partnership, as “Borrower”, COUNTY OF CONTRA COSTA, as “Issuer” and WELLS FARGO BANK, NATIONAL ASSOCIATION, and its successors and assigns as “Bondowner Representative” dated as of October 1, 2011.

1. Timing of Disbursement. Unless another provision of this Loan Agreement specifies otherwise, on or about the last day of each month, or at such other times as Bondowner Representative may approve or determine more appropriate, Borrower shall submit to:

Wells Fargo Bank, National Association
 Minneapolis Loan Center
 MAC #N9303-110
 608 Second Avenue South, 11th Floor
 Minneapolis, MN 55402
 Attention: Resa Sherman

a written itemized statement, signed by Borrower (“**Application for Payment**”) setting forth:

- 1.1 a description of the work performed, material supplied and/or costs incurred or due for which disbursement is requested with respect to any line item (“**Item**”) shown in Column D (“**Disbursement Budget**”) of the Financial Requirement Analysis attached as Exhibit C to this Loan Agreement; and
- 1.2 the total amount incurred, expended and/or due for each requested Item less prior disbursements.
- 1.3 Each Application for Payment by Borrower shall constitute a representation and warranty by Borrower that Borrower is in compliance with all the conditions precedent to a disbursement specified in this Loan Agreement.
- 1.4 Bondowner Representative shall have the right to require that Disbursements shall be made, after satisfaction of the conditions contained in this Exhibit D and the Disbursement Plan. Disbursements shall be made into Borrower’s demand deposit account at Wells Fargo Bank, National Association, account number 4122220957 (the “**Account**”).

2. Bondowner Representative’s Right to Condition Disbursements. Bondowner Representative shall have the right to condition any disbursement upon Bondowner Representative’s receipt and approval of the following:

- 2.1 the Application for Payment and an itemized requisition for payment of line items shown in the Disbursement Budget as hard costs (“**Hard Costs**”);
- 2.2 bills, invoices, documents of title, vouchers, statements, payroll records, receipts and any other documents evidencing the total amount expended, incurred or due for any requested Items;
- 2.3 evidence of Borrower’s use of a lien release, joint check and voucher system acceptable to Bondowner Representative for payments or disbursements to any contractor, subcontractor, materialman, supplier or lien claimant;
- 2.4 architect’s, inspector’s and/or engineer’s periodic certifications of the percentage and/or stage of rehabilitation that has been completed and its conformance to the Plans and Specifications and governmental requirements based upon any such architect’s, inspector’s and/or engineer’s periodic physical inspections of the Property and Improvements;

- 2.5 waivers and releases of any mechanics' lien, stop notice claim, equitable lien claim or other lien claim rights;
- 2.6 evidence of Borrower's compliance with the provisions of the Articles and Sections of this Loan Agreement entitled Construction and Authority/Enforceability;
- 2.7 a written release executed by any surety to whom Bondowner Representative has issued or will issue a set-aside letter and/or any public entity or agency which is a beneficiary under any instrument of credit or standby letter of credit which Bondowner Representative has issued or will issue with respect to the Loan;
- 2.8 valid, recorded Notice(s) of Completion for the Improvements or any portions of the Improvements for which Notice(s) of Completion may be recorded under applicable law;
- 2.9 Certificate of Substantial Completion from the Architect and Engineer, if any, prior to the final retention disbursement or the final stage disbursement of Hard Costs, as applicable;
- 2.10 evidence satisfactory to Bondowner Representative that the Permanent Bondowner Representative, if any, has approved the completed Improvements and that all conditions precedent to the initial funding of the permanent financing, if any, have been satisfied prior to the final retention disbursement or the final stage disbursement of Hard Costs, as applicable;
- 2.11 any other document, requirement, evidence or information that Bondowner Representative may request under any provision of the Loan Documents; and
- 2.12 evidence that any goods, materials, supplies, fixtures or other work in process for which disbursement is requested have been incorporated into the Improvements.
- 2.13 in the event that any Application for Payment includes the cost of materials stored on the Property ("**Onsite Materials**"), such Application for Payment shall include each of the following: (a) evidence that the Onsite Materials have been purchased by Borrower; (b) evidence that the Onsite Materials are insured as required hereunder; and (c) evidence that the Onsite Materials are stored in an area on the Property for which adequate security is provided against theft and vandalism.
- 2.14 in the event any Application for Payment includes the cost of materials stored at a location other than the Property ("**Offsite Materials**"), such Application for Payment shall include each of the following: (a) evidence that the Offsite Materials have been purchased by Borrower, have been segregated from other materials in the facility and have been appropriately marked to indicate Borrower's ownership thereof and Bondowner Representative's security interest therein; and (b) evidence that the Offsite Materials are insured as required by this Loan Agreement; and (c) at Bondowner Representative's request, a security agreement, financing statement and/or subordination agreement in form and substance satisfactory to Bondowner Representative executed by the supplier of the Offsite Materials, and/or such other persons as Bondowner Representative determines may have an interest in or claim to the Offsite Materials, together with such other additional documentation and evidence as Bondowner Representative may reasonably require to assure itself that it has a perfected first priority lien on the Offsite Materials.

Borrower acknowledges that this approval process may result in disbursement delays and Borrower hereby consents to all such delays.

3. Periodic Disbursement of Acquisition Fees and Costs (Including Acquisition Legal and Title). The portion of the Disbursement Budget totaling \$4,965,700.00 has been disbursed to or for the benefit or account of Borrower for the payment of Borrower's Acquisition Fees and Costs (Including Acquisition Legal and Title).

4. Periodic Disbursement of RE West General Contract - Primary Scope Fees and Costs. The portion of the Disbursement Budget totaling \$1,151,384.00 has been disbursed to or for the benefit or account of Borrower for the payment of Borrower's RE West General Contract - Primary Scope Fees and Costs items up to ninety percent (90%) of the maximum amount allocated for such item less prior disbursements. The remaining ten percent (10%) shall be disbursed into the Account or to or for the benefit or account of Borrower upon completion of the rehabilitation work to be performed in connection with the Project in accordance with the Plans and Specifications and governmental requirements, the expiration of the statutory lien period and Bondowner Representative's receipt of an LP-10 Re-Write of the Title Policy.
5. Periodic Disbursement of Solar Allowance Fees and Costs. The portion of the Disbursement Budget totaling \$423,916.00 has been disbursed to or for the benefit or account of Borrower for the payment of Borrower's Solar Allowance Fees and Costs items up to ninety percent (90%) of the maximum amount allocated for such item less prior disbursements, subject to the disbursement requirements of Section 4.11(a) of the Loan Agreement. The remaining ten percent (10%) shall be disbursed into the Account or to or for the benefit or account of Borrower upon completion of the rehabilitation work to be performed in connection with the Project in accordance with the Plans and Specifications and governmental requirements, the expiration of the statutory lien period and Bondowner Representative's receipt of an LP-10 Re-Write of the Title Policy.
6. Periodic Disbursement of Landscape and Irrigation Allowance Fees and Costs. The portion of the Disbursement Budget totaling \$342,000.00 has been disbursed to or for the benefit or account of Borrower for the payment of Borrower's Landscape and Irrigation Allowance Fees and Costs items up to ninety percent (90%) of the maximum amount allocated for such item less prior disbursements, subject to the disbursement requirements of Section 4.11(b) of the Loan Agreement. The remaining ten percent (10%) shall be disbursed into the Account or to or for the benefit or account of Borrower upon completion of the rehabilitation work to be performed in connection with the Project in accordance with the Plans and Specifications and governmental requirements, the expiration of the statutory lien period and Bondowner Representative's receipt of an LP-10 Re-Write of the Title Policy.
7. Hard Costs Contingency Reserve. The portion of the Disbursement Budget initially totaling \$374,463.00, allocated for the payment of Hard Costs Contingencies, shall be periodically reallocated within the Disbursement Budget or disbursed into the Account or to or for the benefit or account of Borrower for cost overruns that have been approved by Bondowner Representative for Hard Cost Items and disbursed in accordance with paragraphs 2 through 6, inclusive, and paragraph 8 hereof of the Loan Agreement depending upon the intended use of any such funds.
8. Periodic Disbursement of Additional Scope Fees and Costs. The portion of the Disbursement Budget totaling \$591,997.00 has been disbursed to or for the benefit or account of Borrower for the payment of Borrower's Additional Scope Fees and Costs incurred for any Physical Needs Assessment Items set forth in Schedule 1 attached hereto not covered under the scope of the Construction Agreement and Disbursements related thereto as set forth in paragraph 4 above, up to ninety percent (90%) of the maximum amount allocated for such item less prior disbursements, subject to the disbursement requirements of Section 4.11(c) of the Loan Agreement. The remaining ten percent (10%) shall be disbursed into the Account or to or for the benefit or account of Borrower upon completion of the rehabilitation work to be performed in connection with the Project in accordance with the Plans and Specifications and governmental requirements, the expiration of the statutory lien period and Bondowner Representative's receipt of an LP-10 Re-Write of the Title Policy.
9. Periodic Disbursement of Architecture and Engineering Fees and Costs. The portion of the Disbursement Budget initially totaling \$159,889.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Architecture and Engineering Fees and Costs.
10. Periodic Disbursement of Soils, Survey, Civil and Testing Fees and Costs. The portion of the Disbursement Budget initially totaling \$50,000.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Soils, Survey, Civil and Testing Fees and Costs.
11. Periodic Disbursement of Permits Fees and Costs. The portion of the Disbursement Budget initially totaling \$20,000.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Permits Fees and Costs.

12. Periodic Disbursement of Construction Period Interest. The portion of the Disbursement Budget initially totaling \$134,435.00, allocated as a Construction Period Interest Reserve, shall be periodically disbursed directly to Bondowner Representative for the payment of interest which accrues and becomes due under the Note. Bondowner Representative is hereby authorized to charge the Loan directly for such interest payments when due. Bondowner Representative shall provide Borrower with a monthly interest statement. Depletion of the Construction Period Interest Reserve shall not release Borrower from any of Borrower's obligations under the Loan Documents, including, without limitation, payment of all accrued and due interest and the deposit of Borrower's Funds with Bondowner Representative pursuant to the terms and provisions of the Loan Agreement.
13. Periodic Disbursement of Insurance Fees and Costs. The portion of the Disbursement Budget initially totaling \$10,000.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Insurance Fees and Costs.
14. Periodic Disbursement of Transfer Taxes Costs. The portion of the Disbursement Budget initially totaling \$1,968.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Transfer Taxes Costs.
15. Periodic Disbursement of Fees and Costs of Bond Issuance. The portion of the Disbursement Budget initially totaling \$84,273.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Fees and Costs of Bond Issuance.
16. Periodic Disbursement of WFB Origination Fee. The portion of the Disbursement Budget initially totaling \$32,250.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's WFB Origination Fee.
17. Periodic Disbursement of CCRC Origination Fee. The portion of the Disbursement Budget initially totaling \$14,000.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's CCRC Origination Fee.
18. Periodic Disbursement of WFB/CCRC Expenses Fees and Costs. The portion of the Disbursement Budget initially totaling \$74,000.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's WFB/CCRC Expenses Fees and Costs.
19. Soft Costs Contingency Reserve. The portion of the Disbursement Budget allocated for the payment of Soft Cost Contingencies initially totaling \$14,301.00, shall be periodically reallocated within the Disbursement Budget or disbursed into the Account or to or for the benefit or account of the Borrower for cost overruns that have been approved by Bondowner Representative for Soft Costs Items and disbursed in accordance with Exhibit D hereof, depending upon the intended use of any such funds.
20. Periodic Disbursement of Title and Recording Fees and Costs. The portion of the Disbursement Budget initially totaling \$15,000.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Title and Recording Fees and Costs.
21. Periodic Disbursement of Legal - Construction Fees and Costs. The portion of the Disbursement Budget initially totaling \$26,500.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Legal - Construction Fees and Costs.
22. Periodic Disbursement of Legal - Organization Fees and Costs. The portion of the Disbursement Budget initially totaling \$5,000.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Legal - Organization Fees and Costs.
23. Periodic Disbursement of Legal - Syndication Fees and Costs. The portion of the Disbursement Budget initially totaling \$35,000.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Legal - Syndication Fees and Costs.

24. Periodic Disbursement of TCAC Fees and Costs. The portion of the Disbursement Budget initially totaling \$32,657.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's TCAC Fees and Costs.
25. Periodic Disbursement of Market Study Fees and Costs. The portion of the Disbursement Budget initially totaling \$7,000.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Market Study Fees and Costs.
26. Periodic Disbursement of Syndication Consultant Fees and Costs. The portion of the Disbursement Budget initially totaling \$40,000.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Syndication Consultant Fees and Costs.
27. Periodic Disbursement of Developer Fee at Closing. The portion of the Disbursement Budget initially totaling \$100,000.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Developer Fee at Closing.
28. Periodic Disbursement of Developer Fee at 50% Completion. The portion of the Disbursement Budget initially totaling \$78,757.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Developer Fee at 50% Completion.
29. Periodic Disbursement of Developer Fee at 100% Completion. The portion of the Disbursement Budget initially totaling \$78,757.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Developer Fee at 100% Completion.
30. Periodic Disbursement of Capitalized Replacement Reserve Costs. The portion of the Disbursement Budget initially totaling \$70,000.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Capitalized Replacement Reserve Costs, subject to the disbursement requirements of Section 4.11(d) of the Loan Agreement.
31. Periodic Disbursement of Capitalized Operating Reserve Costs. The portion of the Disbursement Budget initially totaling \$120,000.00, shall be periodically disbursed into the Account or to or for the benefit or account of Borrower for the payment of Borrower's Capitalized Operating Reserve Costs, subject to the disbursement requirements of Section 4.11(d) of the Loan Agreement.

SCHEDULE 1

PHYSICAL NEEDS ASSESSMENT ITEMS

Critical and Short Term Physical Needs

Property Name: Pinole Grove	No. of Units: 70
Location: Pinole, California	lo. of Buildings: 4
EMG Project Number: 91256.09R-001.170	Reserve Term: 15 years
	Property Age: 17 years

Sec	Component or System	Action / Comment	Quantity	Unit	Cost	Critical Repairs Total \$	Short Term Total \$
3.2	Accessibility Improvements	See Section 3.2	1	LS	\$350.00	\$0	\$350
5.2	Pedestrian concrete paving	Repair damaged areas	1	LS	1500	\$1,500	\$0
5.2	Roadways, asphalt (seal coat)	Repair damaged areas	25,600	SF	\$0.25	\$0	\$6,400
5.3	Erosion Control	Erosion control and soil replacement at downhill side of foundation	3,500	SF	\$1.15	\$0	\$4,025
5.4	Landscaping	Remove and replace trees	7	EA	\$5,000.00	\$0	\$35,000
5.5	Fencing, wrought iron	Re-secure	20	LF	\$50.00	\$1,000	\$0
6.3	Roof drainage, exterior (gutter & fascia)	New or repaired gutters	300	LF	\$15.00	\$0	\$4,500
6.4	Exterior walls, stucco	Repair remove and repair all walls	1	LS	\$1,250,000.00	\$0	\$1,250,000
6.8	Common floors, carpet	Replace	1,200	SY	\$18.00	\$0	\$21,600
7.1	Common area Furnaces	Replace with energy efficient equipment	1	EA	\$1,560.00	\$0	\$1,560
7.2	DHW heaters, <150 gal.	Replace	2	EA	\$1,125.00	\$0	\$2,250
7.4	Building lighting	Replace	80	EA	\$85.00	\$0	\$6,800
7.6	Annunciation panel	Replace	1	EA	\$3,500.00	\$0	\$0
8.1	Living area floors, carpet (older)	Replace	60	EA	\$1,200.00	\$0	\$72,000
8.2	Refrigerator (older)	Replace with Energy Star	53	EA	\$600.00	\$0	\$31,800
8.2	Dishwasher (older)	Replace with Energy Star	55	EA	\$350.00	\$0	\$0
8.2	Kitchen cabinets	Replace older units	70	EA	\$600.00	\$0	\$42,000
8.3	PTAC (older)	Replace with Energy Star	38	EA	\$900.00	\$0	\$34,200
8.4	Vanity cabinet & sink	Replace at older units	35	EA	\$574.00	\$0	\$20,090
8.5	Unit lighting	Replace	140	EA	\$85.00	\$0	\$11,900

Total Repairs	\$2,500	\$1,544,475
Cost per Dwelling Unit	\$36	\$22,064

EXHIBIT E – TERMINATED DOCUMENTS

Exhibit E to Loan Agreement between JOHN STREET HOUSING ASSOCIATES, L.P., a California limited partnership as "Borrower", COUNTY OF CONTRA COSTA, as "Issuer" and WELLS FARGO BANK, NATIONAL ASSOCIATION, and its successors and assigns, as "Bondowner Representative" dated as of October 1, 2011.

- 1) Security Agreement
- 2) UCC-1 Financing Statement (Tax Credits)
- 3) Completion Guaranty
- 4) Repayment Guaranty (BRIDGE Housing Corporation)
- 5) Hazardous Materials Indemnity Agreement (Unsecured - Guarantor)

**EXHIBIT F – TRANSFER AUTHORIZER DESIGNATION
(For Disbursement of Loan Proceeds by Funds Transfer)**

NEW REPLACE PREVIOUS DESIGNATION ADD CHANGE DELETE LINE NUMBER _____
 INITIAL LOAN DISBURSEMENT

As of October 1, 2011, the following representatives of JOHN STREET HOUSING ASSOCIATES, L.P., a California limited partnership, (“Borrower”) are authorized to request the disbursement of Loan Proceeds and initiate funds transfers for Loan Number 1005254 dated October 1, 2011 between Wells Fargo Bank, National Association, and its successors and assigns (“Bank”) and Borrower. Bank is authorized to rely on this Transfer Authorizer Designation until it has received a new Transfer Authorizer Designation signed by Borrower, even in the event that any or all of the foregoing information may have changed.

	Name	Title	Maximum Wire Amount ¹
1.	Cynthia Parker	CEO/President	\$4,300,000.00
2.	D. Kemp Valentine	Executive Vice President/CFO	\$4,300,000.00
3.	Susan M. Johnson	Executive Vice President - Property Management	\$4,300,000.00
4.	Rebecca Clark	Executive Vice President of Development - Northern California	\$4,300,000.00
5.	Tom Earley	Director of Development	\$4,300,000.00
6.	Ann Silverberg	Vice President of Asset Management	\$4,300,000.00
7.	Kevin Leichner	Project Manager	\$4,300,000.00

Initial Loan Disbursement Authorization Not Applicable Applicable --- Bank is hereby authorized to accept wire transfer instructions from Chicago Title Company to be delivered, via fax, email, letter or other method, to Lender for title/escrow # _____ and/or loan #1005254. Said instructions shall include the title/escrow company’s Receiving Party Account Name, city and state, Receiving Party Account Number, Receiving Lender’s (ABA) Routing Number, Maximum Transfer Amount required, Borrower’s name, title order/escrow number to which Lender shall fund the Initial Loan Disbursement under the loan number referenced above. The amount of said transfer shall not exceed \$ _____. Borrower acknowledges and agrees that the acceptance of and wire transfer of funds by Lender in accordance with the title/escrow company instructions shall be governed by this Transfer Authorizer Designation form and any other Loan Documents dated as of October 1, 2011 by and between Bank and Borrower. Lender shall not be further required to confirm said wiring instructions received from title/escrow company with Borrower. This Initial Loan Disbursement Authorization is in effect until _____, after which time a new authorization request shall be required. Borrower shall instruct title/escrow company via a separate letter, to deliver said wiring instructions in writing, directly to Bank at its address. Borrower also hereby authorizes Bank to attach a copy of the title/escrow company’s written wire instructions to this Transfer Authorizer Designation form upon receipt of said instructions.

¹ Maximum Wire Amount may not exceed the Loan Amount.

Beneficiary Bank and Account Holder Information

1.

Transfer Funds to (Receiving Party Account Name)
Receiving Party Account Number:
Receiving Bank Name, City and State:

Receiving Bank Routing (ABA)
Number:

Maximum Transfer Amount:
Further Credit Information/Instructions:

2.

Transfer Funds to (Receiving Party Account Name):
Receiving Party Account Number:
Receiving Bank Name, City and State:

Receiving Bank Routing (ABA)
Number

Maximum Transfer Amount:
Further Credit Information/Instructions:

3.

Transfer Funds to (Receiving Party Account Name):
Receiving Party Account Number:
Receiving Bank Name, City and State:

Receiving Bank Routing (ABA)
Number

Maximum Transfer Amount:
Further Credit Information/Instructions:

¹ *Maximum Wire Amount may not exceed the Loan Amount.*

“BORROWER”

JOHN STREET HOUSING ASSOCIATES, L.P.,
a California limited partnership

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

By: Hercules Senior Housing, Inc.,
a California nonprofit public benefit corporation,
its manager

By: _____
Susan M. Johnson, Vice President

¹ *Maximum Wire Amount may not exceed the Loan Amount.*

THIS BOND MAY BE OWNED ONLY BY AN "APPROVED INSTITUTIONAL BUYER" (AS SUCH TERM IS DEFINED IN THE INDENTURE REFERENCED BELOW) OR OTHER ENTITY PERMITTED UNDER THE INDENTURE, AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND (A) REPRESENTS THAT IT IS AN APPROVED INSTITUTIONAL BUYER OR OTHER PERMITTED TRANSFEREE, AND (B) ACKNOWLEDGES THAT IT CAN ONLY TRANSFER THIS BOND TO ANOTHER APPROVED INSTITUTIONAL BUYER OR OTHER PERMITTED TRANSFEREE.

COUNTY OF CONTRA COSTA
MULTIFAMILY HOUSING REVENUE BOND
(PINOLE GROVE SENIOR HOUSING),
SERIES 2011A

Dated Date	Maturity Date
October 14, 2011	October 1, 2046

REGISTERED OWNER: WELLS FARGO BANK, NATIONAL ASSOCIATION

PRINCIPAL SUM: Up to FOUR MILLION THREE HUNDRED THOUSAND DOLLARS

The County of Contra Costa, California, a political subdivision and body corporate and politic of the State of California (herein called the "Issuer"), for value received, hereby promises to pay (but only out of Revenues as hereinafter provided) to the Registered Owner identified above or registered assigns, on the Maturity Date identified above (subject to prior redemption as provided herein) the sum of up to Four Million Three Hundred Thousand Dollars (\$4,300,000.00) in lawful money of the United States, with interest thereon from the date of disbursement until paid at the interest rates described below. The actual unpaid principal hereof shall be equal to the funds disbursed by the Bondowner under the Indenture of Trust, dated as of October 1, 2011 (the "Indenture"), between the Issuer and Wells Fargo Bank, N.A., as Bondowner Representative, to fund the Loan, less any portion of the principal hereof redeemed pursuant to the Indenture. Capitalized terms used in this Bond and not defined herein shall have the meanings given such terms in the Indenture, or in the Note (as such term is defined in the Indenture) made by John Street Housing Associates, L.P., a California limited partnership (the "Borrower"), to the order of the Issuer.

The Issuer shall make monthly payments on this Bond of accrued interest only on funds actually disbursed by the Bondowner under the Indenture to fund the Loan to the Borrower under the Loan Agreement. This Bond shall bear interest, payable on the first Business Day (as defined in the Indenture) of each month, commencing November 1, 2011 (each, an "Interest Payment Date") at the same rate of interest as in effect from time to time on the Note, and computed in the same manner as interest is computed from time to time on the Note, as provided in Section 2.02 of the Indenture. In addition, principal of this Bond shall be payable in installments on the same dates and in the same amounts as is the principal payable on the Loan, as evidenced by the Note, as provided in Section 2.02 of the Indenture.

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

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

This Bond is one of a duly authorized issue of bonds of the Issuer designated as "County of Contra Costa Multifamily Housing Revenue Bonds (Pinole Grove Senior Housing), Series 2011A" (the "Bonds"), in the initial aggregate principal amount of up to \$4,300,000, authorized to be issued pursuant to Chapter 7 of Part 5 of Division 31 of the Health and Safety Code of the State of California, and issued under and secured by the Indenture. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Bondowner Representative and of the rights and obligations of the Issuer thereunder, to all of the provisions of which Indenture the holder of this Bond, by acceptance hereof, assents and agrees. The proceeds of the Bonds will be used to make a loan to the Borrower pursuant to a Loan Agreement, dated as of October 1, 2011 (the "Loan Agreement") among the Bondowner Representative, the Issuer and the Borrower, to finance the acquisition and rehabilitation of a residential rental project known as Pinole Grove Senior Housing, located at 800 John Street in the City of Pinole, California.

THE BONDS ARE LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM AND SECURED BY THE PLEDGE OF CERTAIN REVENUES UNDER THE INDENTURE. NEITHER THE ISSUER, THE MEMBERS OF ITS BOARD OF SUPERVISORS, THE STATE OF CALIFORNIA, NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL BE DIRECTLY, INDIRECTLY, CONTINGENTLY OR MORALLY OBLIGATED TO USE ANY OTHER MONEYS OR ASSETS TO PAY ALL OR ANY PORTION OF THE DEBT SERVICE DUE ON THE BONDS, TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE BONDS ARE NOT A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS NOR DO THEY CONSTITUTE INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION.

The Bonds are limited obligations of the Issuer and, as and to the extent set forth in the Indenture, are payable solely from, and secured by a pledge of and lien on, the Revenues (as that term is defined in the Indenture), consisting primarily of amounts paid by the Borrower pursuant to the Loan Agreement.

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

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

This Bond is transferable by the registered owner hereof, in person, or by its attorney duly authorized in writing, at the Principal Office of the Bondowner Representative, but only in the manner, subject to the limitations (including those contained in Section 2.05(b) and (c) of the Indenture) and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond will be issued to

the transferee in exchange herefor. The Issuer and the Bondowner Representative may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Issuer and the Bondowner Representative shall not be affected by any notice to the contrary. By its acceptance of this Bond, the registered owner hereof agrees not to sell any participating interests in this Bond, except as permitted by the Indenture.

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

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

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

SPECIMEN

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

COUNTY OF CONTRA COSTA

By *Gayle B. Bilkema*
Gayle B. Bilkema,
Chair of the Board of Supervisors

Attest:

By: *[Signature]*
Clerk of the Board of Supervisors

CERTIFICATE OF AUTHENTICATION

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

Dated: October 13, 2011

SPECIMEN

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Bondowner Representative

By _____
Authorized Officer

ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint

_____, attorney, to transfer the same on the registration books of the Bondowner Representative, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a eligible guarantor.

NOTICE: The signature on this assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

SPECIMEN